The China Weekly

REVIEW

密勒氏評論報

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Japanese Spokesman Argues U. S. China Trade Never Profitable

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Economic Cooperation or Stranglehold on North China . . . . . By T. W. Char

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QUESTION OF FOREIGNERS PAYING INCOME TAXES IN CHINA

THE Chinese authorities announced through the official news services on August 8 and 9 their intention of enforcing the new income tax law on all residents of the country, including foreigners. The *Kuomin* report stated that Nanking intended to negotiate with the various Powers through diplomatic channels, to arrange for foreigners to pay the tax. Further on the report pointed out that "it was only reasonable that foreigners doing business in China should pay an income tax to the Chinese Government as all Chinese living abroad had to pay income taxes in the countries wherein they resided." Dr. H. H. Kung, Finance Minister, announced that a specially trained personnel of 60 college graduates was being selected for training as tax collectors. Although later denied it was reported in the newspapers that various foreign chambers of commerce had held meetings to discuss the question, one of the meetings, announcedly, being attended by a local Consul-General. It also was rumored that another foreign consul-general had advised his nationals to "ignore" the Chinese tax law as foreingers are exempted by treaty from paying taxes in China. Incidentally, although not mentioned in the local newspapers, it also is a well known fact that practically all foreigners in China, but particularly Britons and Americans have long been exempted from paying income taxes in their home countries, at least so long as they continue to reside in China.

The foreigners, according to report, will base their opposition to the tax on two grounds, one legal and the other artificial. From the standpoint of "legality" it was pointed out that certain Sino-foreign treaties contain a clause exempting foreigners affected by said treaties from paying taxes to the Chinese Government without the consent of their home Government. Under the "most favored nation clause," that treaty provision could be made to apply to all foreigners whose countries possess treaties granting exterritoriality,

or exemption from prosecution in the Chinese courts. The other ground for refusal to pay the tax, referred to as an "artificial" condition was regarded as applying to Occidentals, who, unitedly, would refuse to pay the taxes until the Japanese agreed to pay them. As the Japanese have violated all of the Chinese treaties, customs and police regulations, factory inspections laws and the territorial and administrative sovereignty of the country, it is obvious that no Japanese will pay the Chinese income taxes. Therefore the Occidentals would stand their ground and refuse to pay until China is able to bring the Japanese into camp!

Obviously it would be excellent strategy if all Occidentals could unitedly follow this course and refuse to pay the taxes unless they were equitably enforced on all foreigners. They might even go further and insist that China be compelled to give guarantees that in the event the taxes were paid the resulting revenues would be expended under some form of supervision on works that might be of some special benefit to Sino-foreign relations.

But we doubt whether it will work out just that way. In the first place, the Germans, Austrians and a number of other nationalities which have surrendered their exterritorial rights and are subject to Chinese laws, will obviously be compelled to pay the tax. Another group of considerable numbers, including foreigners of various nationalities, which will be compelled to pay, or to put it another way, who will consider it advisable to pay the tax, are the advisors and other employes of the Chinese Government, including several hundred teachers in Government Schools. Their incomes can all be reached "at the source," hence they will pay without question or surrender their jobs.

Then, finally, there are the foreign companies which sell merchandise or services to the Government. Many of these concerns will consider it advisable to pay the tax, for reasons too obvious to merit mentioning here.

It may be accepted as a truism that no foreigners are desirous of paying the Chinese income taxes, no more desirous of paying taxes here than they are in their home countries. It is equally true that under present treaty regulations the Chinese Government cannot legally collect the tax from foreigners possessing exterritorial privileges and should such treaty-protected foreigners appeal to their consuls for protection against the tax collectors, they probably would be granted protection. But despite the treaty situation a large number of foreigners will, for reasons listed in the foregoing and others unlisted, consider it advisable to pay.

The general situation affecting the enforcement of the tax is still somewhat obscure due to a difference of opinion within the Government regarding some of the provisions in the law. Opinion on the law also is not unanimous among foreigners. The British apparently have taken the most liberal stand, that they do not oppose it on grounds of exterritoriality, but merely insist that the tax should be fair and reasonable and should be applied to all equally. The Chinese authorities argue that the new tax has nothing to do with extrality and hold that taxation and protection are inseparable. In other words the Chinese claim that foreigners cannot insist upon Chinese protection for themselves and their enterprises, particularly in operations in the interior of the country, and at the same time refuse to pay what the Chinese regard as legal taxes.

"U.S. Business Profitless, Americans Pessimistic, Lose Interest in China"—Frederick Moore

FREDERICK Moore, veteran American journalist in the Far East, described as "still in the employ of the Japanese Government," according to an interview in the *Japan Advertiser*, is of the opinion that American friendly sentiment with regard to China which prevailed for practically a quarter of a century, has now diminished almost to the vanishing point. The reasons for this, according to Mr. Moore, are three-fold: First, the complete failure of all efforts to make China a republic, the knowledge of which has finally dawned almost completely on Americans; second, there are only a few Americans who still have hope that China can bring law and order out of the long period of chaos; third, Americans last year sold U. S. $40,000,000 worth of goods to China upon which they presumably made a profit of 20 percent or $8,000,000, but all of the profit was absorbed in maintaining naval and military forces in China to protect the American businessmen and diplomats.

Elaborating on his theme, Mr. Moore stated his opinion that the United States as a nation had not made a dollar out of its trade with China for the past half century, and (we now quote Mr. Moore's own words), "So far as I can see, we are not going to make any money out of China's trade for the next half century . . . these facts are well known and well understood . . . men in authority in our Government realize the profitless character of America's China trade."

There was considerable significance in Mr. Moore's statements about China and American enterprise in China because he announced his in-

tention of spending some three months in the Far East, one month each in Japan, Manchukuo and China; hence the probabilities are that he has been requested to assist the Tokyo Foreign Office in the development of a new propaganda scheme in the United States. His statements regarding the alleged lack of interest and sympathy on the part of Americans toward China and the alleged unprofitableness of American trade with this country probably indicate the trend of Japan's new line of propaganda—that China is not worth worrying about on the part of the American people, hence it would be better for all concerned if Americans withdrew and permitted Japan to take over the country somewhat as she did Korea and the Manchuria provinces, or as Italy is trying to do with Abyssinia. This point of view was indicated in Moore's next statement that America's trade with Japan is the largest across the Pacific . . . "Japan buys more from us than we buy from Japan . . . Japan buys more from America than the rest of Asia combined . . . a large part of American business knows this and our Government knows it . . . they know that well over 90 percent of the trade is mutually beneficial."

Finally, Mr. Moore came to the question of naval armament, probably the real objective of Japan's forthcoming propaganda campaign because the Japanese are now sincerely worried at the development of the U. S. Navy and are trying to work out some scheme to head it off. But we will again quote Mr. Moore's exact words on this question:

> "On the naval question, I am positive that there is not going to be a naval race between Japan and the United States or between Japan and Great Britain. No serious-minded man in the United States talks of naval competition. That period of naval discussion which followed the World War largely has resolved itself into technicalities, into negotiations between naval men.
>
> "Japan's desire to shape its own course with regard to the navy has created no excitement in the United States, for there is a confidence that we ourselves are perfectly secured, that no country can possibly attack us. The efforts of American alarmists with regard to Japan fall on deaf ears.
>
> "The United States, furthermore, is spending one billion dollars a year to manufacture new armaments and to maintain its naval and military establishments. To maintain that heavy expenditure, an extensive agitation of the necessities of defense is necessary. On the other hand, there is a constant and quickly growing realization among the American people that the agitation is largely artificial and for an obvious purpose.
>
> "There are minor disagreements between the United States and Japan which, rather accentuated and amplified by the press, tend to incite public sentiment, but thinking men in the United States, the officials of the State and Commerce Departments, members of the Senate Foreign Relations Committee and business men who have relations with Japan know and recognize the mutually beneficial relations existing between the two countries. That friendship based on mutual trade cannot easily be broken."

Frederick Moore requires no introduction to Americans in China, or to the Chinese, particularly those who have resided in Shanghai and Peiping for a considerable number of years. As *Associated Press* correspondent in Peiping he obtained the "scoop" of the notorious "Twenty-one Demands" which the Japanese military authorities presented to China in 1915 when the attention and energies of America and the European Powers were concentrated on the World War. Moore wired the story of the Demands to the *Associated Press*, but the late Melville Stone, General Manager, refused to print Moore's dispatch in the face of an official denial issued by the Japanese Ambassador in Washington. In consequence of the controversy resulting from the questioning of the accuracy of his dispatch, Moore resigned, but his fine display of professional ethics and journalistic independence was somewhat marred when he shortly afterward accepted a position as propaganda adviser to the Japanese Foreign Office, a position he has held continuously since with the exception of few months in 1927 when the Japanese gave him leave of absence in order that he could serve as correspondent for *The New York Times* to cover the Chinese nationalist revolution. Moore has written several books, among them one entitled, "The Passing of Morocco." Whether he is planning another of similar title pertaining to China is not known, but the propaganda schemes which he has assisted his Japanese paymasters to formulate have had that objective in view.

Little argument is needed to refute the declarations of Mr. Moore that American interest and sentiment toward China has reached the vanishing point because of China's failure to convert the country to a republic and pessimism over China's inability to "bring law and order out of the long period of chaos." While it is true that many Americans, due to pessimism over world conditions have become "isolationists" and are convinced that they should stay at home and attend to their own business, this feeling has not been due to developments in China and the Far East but rather to developments in Europe where genuine chaos does exist. Compared with prevailing conditions in Europe, admittedly on the verge of another world war as a result of the Italo-Abyssinian crisis and the Spanish revolution, the situation in China where it is not aggravated by Japanese aggression, might be likened to that of a Sunday school picnic. As for American pessimism over China's alleged inability to establish a republic, it is unlikely that Americans would waste many tears over China's delinquencies in this regard in the light of developments on the European front where thousands of Americans have actual blood ties. After all, but particularly in the light of the debacles of republicanism in

Germany and constitutional government in Italy, there is little likelihood that China's difficulties in organizing a republican form of government would cause any lessening of American sentiment toward the Chinese people. As a matter of fact the Chinese are again making a serious effort, possibly their most earnest attempt since the first revolution in 1911, to adopt a constitution and develop representative government. The fact that six previous attempts have been made to draft and adopt national constitutions and that most of the provinces have, at some time or other since 1911, tried to adopt constitutions indicates that there is a strong sentiment for republican government in the country.

Moore's argument that America's sales to China last year, amounting to U. S. $40,000,000 were unprofitable because the upkeep of naval and military protective organs absorbed all the profit, did not tell the whole story, because the China market is more important to the United States as a source of raw materials than as a market for American manufactured articles. For example, while American manufacturers only sold $40,000,000 worth of merchandise in China last year, in the same period they purchased in China raw materials necessary for American industry to the amount of more than U. S. $60,000,000. Thus, American trade with China last year amounted to approximately $100,000,000, rather than $40,000,000 as Mr. Moore implied in his article. Considered strictly as a "selling" market it may be true that Americans cleared little profit because of the necessity of maintaining naval and military forces in the country, but the maintenance of military protective organs in China is not confined to the United States. Britain, France, Italy and Japan also maintain forces in China, the reason for this situation being concerned as much with world politics as with mere trade and diplomatic protection. Since Japan's seizure of China's Manchurian provinces and her gradual extension of influence into North China, the Japanese Government has greatly increased its military forces stationed on Chinese soil and recent developments in Peiping have indicated Japan's intentions to force the other national to withdraw their troops so that Japan's control would be undisputed. If the maintenance of American forces in China absorbed all the profits of American sales to China last year, how much more true this must have been with respect to Japan which has more than half its standing army (officially listed at 225,000) now quartered on Chinese soil? Why is Mr. Moore concerned only with the expense of American protective forces in China? Had it not been for Japan's violation of the Nine-Power Treaty and occupation of the Manchurian provinces, it is possible that conditions in China might have become sufficiently stabilized by this time that a considerable portion of the foreign forces could have been evacuated!

Mr. Moore's motive in deprecating America's trade position in China was exposed in his reference to the "highly profitable" nature of the trade between Japan and the United States, some 90 percent of which, according to his statement, was mutually profitable. But here again he did not tell the whole story. Applying his argument about the cost of maintaining American forces in China, it can with equal logic be pointed out that America's greatly increased naval expenditures necessitated by the expansion of the naval and air services and the stationing of the fleet in Pacific waters have been due entirely to disturbances in the Pacific caused by Japan's scrapping of treaties, military and territorial expansion in Asia. If this bill was charged against the profits of American-Japanese trade, which amounted last year to some U. S. $450,000,000, the results probably would be worse than the situation which he described with respect to China.

Moore argued that as America's trade with Japan is much larger and more profitable than our trade with China, we should abandon China to Japan. He did't put it just that way, but implied as much by pointing out the alleged profitless character of the China-American trade and the profitable nature of the trade between Japan and U. S. A., suggesting that China wasn't worth fighting for, from the standpoint of trade profits. This is but a repetition of an old line of Japanese propaganda that Japanese are more skilled in dealings with the Chinese than are Americans, hence Americans should turn over their agencies and commercial interests to Japanese firms and withdraw from the China market entirely. Baron Shibusawa, once prominent at Japanese-American "hands-across-the-sea" functions put it more succinctly by coining the phrase, "American capital and Japanese brains for the exploitation of China," but the slogan was dropped when someone substituted the word "bayonets" in place of "brains" in the Shibusawa statement. Recently certain pacifist organizations in the United States, have outdone the Japanese propagandists by suggesting that it would be better for the United States to scrap all of is interests in China, commercial, financial, educational, eleemosynary and religious rather than risk the dangers and expense of a war with Japan!

Americans who are influenced by these Japanese arguments apparently fail to realize that Japan's chief objective in trying to militarily and economically dominate China is to utilize the resources and man-power of this land in a life and death struggle with the United States for the mastery of the Pacific. One of the chief objec-

tives of Japan's economic program in North China is to convert that region into a vast cotton plantation so that Japan will no longer be compelled to depend upon cotton grown in the United States. The chief purpose behind the Japanese scheme to create a so-called Japan-China-Manchukuo "economic bloc" is to scrap China's growing industrial establishment and relegate this country to the position of a primitive supplier of agricultural and other raw materials for the swollen industrial establishments of Osaka. As for the teeming man-power of this country, Japan would "regiment" them to a man, putting the most physically fit into armies under Japanese officers for further military adventures afield as she is now doing in the Manchurian provinces. The remainder would be utilized in innumerable ways for the economic enrichment of Imperial Japan following the precedent in Korea where an entire population has been reduced to lowest imaginable economic status through continuous exploitation over a period of a quarter-century.

Leading Japanese newspapers and magazines recently have contained articles pertaining to plans for a new type of Japanese propaganda which has been aptly termed a "Culture Drive," the object apparently being to divert the world's attention from Japan's military aggression as exemplified in conquests abroad and the murder of high officials at home. A *Domei* report on July 29 stated that plans were being formulated for the stationing in all leading countries of "cultural commissioners" who will be attached to embassies and charged with the task of promoting cultural relations with foreign countries. The *Miyako Shimbun* (Tokyo) stated on June 21, "The only way out of the present impasse in which Japan finds herself due to international friction caused by her career of progress and expansion and the deadlock in political diplomacy, is to make a positive move in economic diplomacy aimed at a general readjustment of the interests of the powers concerned . . . *For this purpose the Government must grant an increase in the secret service funds of the Foreign Office by* Y.10,000,000 *to* Y.20,000,000 *and to set up a system whereby urgent disbursements can be made as needed.*" According to the report in the *Miyako* the Foreign office previously only had Y.3,000,000 in its secret fund for use in "cultivating" public opinion in foreign countries. The Army apparently had the better of it because its fund exceeded Y.10,000,000. The secret fund of the Navy was not mentioned. The official *Domei* service reported on July 11 that the Foreign Office planned to expend, chiefly through the office of Ambassador Kawagoe, the considerable sum of Y.4,000,000 in so-called "cultural" activities in North China before the end of the present year.

Regarded purely from the standpoint of the United States, Japan's propaganda efforts in the past have been directed at four chief objectives, (1) The promotion of American pacifism; (2) Estrangement of America and Great Britain; (3) Estrangement of America and the Soviet Union; (4) Discrediting China in all fields of human activities.

Based on Mr. Moore's declarations and statements in the Japanese press, future Japanese propaganda effort in the United States will include the following: (1) Propagation of Japanese culture in an effort to divert attention from the foreign aggressions and domestic atrocities of the Japanese military clique; (2) Use of an enlarged secret fund in promoting public opinion abroad through subsidizing writers, lecturers, radio speakers and entertainers and the subsidizing of newspapers and magazines; (3) Since the Japanese military authorities cannot be controlled and will continue their aggressions in China, the Japanese propagandists, such as Mr. Moore, will spread the doctrine that American trade and other interests in China are not worth worrying about anyway, hence Japan should be given a free hand in Asia; (4) As also suggested by Mr. Moore in his interview, the American people will be informed that Japan has no ulterior motives in its military and naval expansion in Western Pacific, and that the American people have been deluded into expending large sums on their Navy due a misapprehension that Japanese militarism constituted a danger.

There have been several occasions in the not distant past when American enterprises in China as well as Chinese-American relations were in a critical state not greatly differing from the present predicament. And on each occasion the American communities in China and the Chinese associates of Americans holding similar views have rallied to the occasion and have made their voices and influences felt in high places in Washington. We are rather inclined to feel that the statements by this Japanese propagandist may have a somewhat similar effect because the circulation of such glaring misinformation regarding American trade and relations with China cannot but have a detrimental effect on American interests and investments in China not to mention the interests and activities of individual Americans who have cast their lot in this part of the world. Whether they are concerned with the operation of a large manufacturing plant in Shanghai, a school, hospital or missionary enterprise in the interior, an import and export business or merely an individual professional enterprise in some Chinese port city, Americans are not likely to take kindly to the Japanese suggestion that their enterprises should be handed over to the Japanese such as already has happened in the Manchurian provinces.

Scanning the Chinese Political Horizon

CAN JAPAN CONQUER CHINA?

BY HUBERT S. LIANG*

SOME three years ago a leading American writer in discussing the Sino-Japanese situation used a rather fascinating simile likening China to a whale and Japan to a shark. His contention was that, in spite of the magnitude of the whale, the shark had a good chance of killing or subjugating the whale by attacking some vital part of the whale's large and exposed body. The writer assumed, of course, that the whale would lie supinely waiting to be attacked and would not retaliate in any manner. But suppose the whale, irritated beyond endurance, decided to strike back, would the shark then have a chance? The writer did not take into consideration the limititations of the shark nor possible intervention or objection by other denizens of the sea who, for their own good reasons, might conceivably wish to help the whale.

From the present appearance of things, Japan, to use an American slang expression, seems to be "walking all over China and apparently getting away with it." At the present rate of advance it looks as if Japan would have little further difficulty in bringing China completely under her military control. But can she really ultimately succeed in her conquest of China? In an attempt to answer this question one must consider the fundamentals from the following points of view:

(1) From the standpoint of Japan herself.
(2) From the standpoint of other interested powers.
(3) From the standpoint of China herself.

Despite Japan's success in certain respects as a modern power Japan is not cut out for the role of an empire builder. True, she annexed Korea, grabbed Formosa, seized Manchuria, and is now advancing south of the Great Wall. But how much security does she feel in any of these places? What assurance has Japan that the Koreans, the Formosans and the Chinese in Manchuria and North China would not rise up against her the moment she became engaged in a war with some major power?

To begin with, Japan has little culture or civilization of her own which can truly command the admiration and respect of her subject peoples. For ancient Oriental culture Japan's subjects must inevitably took to China, which nation gave Japan a large part of her culture, and for modern scientific civilization the Japanese naturally are compelled to turn their eyes to the West, of which modern Japan is but a belated prototype. Then, too, Japan has shown a total lack of statesmanship in the rule of her subject peoples. After having administered Korea for a quarter of a century, no Korean, as yet, has come out on his own volition to write a book eulogizing the beneficient rule of Imperial Japan. No self-respecting Korean, if secretly asked for his opinion on the rulers of his country, does anything other than express, in definite and even vehement terms, resentment and indignation against his oppressors. Despite clean streets, improved sanitation, good motor roads, and considerable industrialization the lot of the Korean people generally is not better, but actually worse, than it was 25 years ago. Dissatisfaction is manifest everywhere and communistic sentiment prevails throughout the length and breadth of the unhappy Hermit Kingdom. Only a few days ago the official Japanese *Domei News Agency* sent out from Seoul (Korea) the following telling dispatch: "Eighteen Korean Communists, whose death sentence was confirmed by the Court of Appeal on June 18th, were executed yesterday (July 22nd) in the compound of local prisons, according to an official announcement issued here today." Korean schools are raided periodically by the police and hundreds of students are constantly under detention on so-called "red" charges, which is only another name for sedition.

Finally Japan's resources, actual or prospective, are not ample enough to finance the conquest of a vast country like China. It took more than 10 years and billions of Yen to subjugate Korea, how much longer and how much more treasure would Japan require to completely crush China under her iron heel, even granting that this ever could be accomplished. Moreover, the deplorable domestic situation prevailing in Japan cannot much longer bear the strain of such a fantastic adventure as the conquest of 450 million Chinese. For an insight into the inflammable domestic conditions of Japan one can do no better than read a few illuminating passages from Harry Emerson Wildes' recent book, "Japan in Crisis". According to this writer's estimate, "At least five and a half million Japanese farm families, living from hand to mouth on a slim subsistence level, have been clamoring for relief with increasing impatience for twenty years. Year after year the politicians have promised relief, but year after year the heavy financial drain caused by swollen army budgets prevents an effective program of reform. The peasants are increasing in their restiveness . . .

*This is the fifth and last of a series of special articles on the Chinese political situation, domestic and foreign, by Professor Hubert Liang. The first of the series appeared in the July 18 issue of The Review.—Ed.

News of 'Sure Death Associations' and of bomb plots in the provinces failed to appear in large numbers until 1932, but terrorism has been constant thereafter. The discontent, which the police officials term 'Communism', and the assaults upon the sanctity of private property are growing so vigorously that the penalty of death had to be imposed upon plotters against the fundamental institutions of the state. Political agitation is of no avail, the peasants find. Either the expense of campaigning is too great or the hand of the government is too heavy for farmer parties to make much headway . . . All that remains for Japan's farmer folk, they feel rightly or wrongly, is some sort of resort to a more direct action. It is this which the Japanese authorities are bending every effort to resist. For if the farmer backbone of Japan is broken, then the Empire can no longer manage to endure."

The lot of Japanese laborers, according to this same authority is hardly any better. Underpaid and overworked, given atrocious conditions and barred under police regulations from self-improvement, the laborer's case seems hopeless. At any time they may rise angrily and demand consideration.

"Within the past three years more than 24,000 so-called 'Reds' have been arrested in Japan, in wholesale raids that are both more widespread and more frequent than in years gone by. Sons and daughters of millionaires, of members of the House of Peers, college professors, judges, writers and lawyers have been caught in the drag-nets set to snare radicals. Even the Navy is allegedly permeated with 'Red' doctrines. The princely house of Iwakura, among the oldest and most socially elete of Japanese aristocracy, contributed a daughter to the Communists. The discovery was so shocking that her brother resigned his post in the Imperial Household and the girl herself committed suicide rather than endure the shame of her association."

With Japan's domestic situation as unsatisfactory and unstable as briefly indicated in the foregoing one cannot help but wonder how much longer Japan can continue her present program of conquest without experiencing a terrific explosion at home?

As for other interested powers, notably Great Britain, U. S. A. and the U. S. S. R. they obviously must see clearly now that Japan's conquest of China, assuming it could be accomplished, would mean the complete elimination of their influence and interests, political, economic, cultural, etc. from the Far East. Could they afford to stand by and do nothing about it? Are they willing to surrender their foothold in Asia which took them so many years to build? The United States might, but certainly not Great Britain and the U. S. S. R.

Even the United States, despite its present strange indifference and diplomatic inaction, is not likely to abandon its interests in the Far East, especially in China, for the simple reason that economically the Far East is too important and too vital for America to ignore, much less abandon. There are some people, suspected of being under the influence of the Japanese Empire, who insist that even if Japan did conquer China it would not, in any way, menace the trade interests of the U. S. A. in the Far East. In fact, they argue, it would mean more orders for many products which Japan would have to rely upon the United States to supply. The utter fallacy of this sort of argument has been completely exploded by what has already happened in Manchuria and in North China. One of the chief reasons for Japan's drive to conquer China is to enable her warlords and industrialists to get from this country those things which she previously had to import from other nations, notably the United States. At this moment the Japanese are bending all energy toward complete control of the cultivation and production of cotton in Hopei Province. Once they succeed in gaining this control, it will put an end to America's cotton market in this part of the world. And cotton is by no means the only item that happens to interest the Japanese. Far-sighted American statesmen, industrialists and publicists must see this situation with greatest clarity. That they are not urging Washington to do something effective to stop Japanese aggression in China for the present does not by any possible stretch of the imagination mean that intelligent and patriotic Americans are willing to see their country abandon its position and interests in the Far East. Rather they want to see their country thoroughly prepared, so that when the time comes the United States can, single-handedly if necessary, deal with Japan in a most effective manner. Are not the unprecedented naval increase, the manoeuvers in the Pacific and the impending Pan-American Conference in Buenos Aires an indication of America's determination to resist Japanese military expansion? Moreover, far-sighted Americans, both in and outside of the government, perceive that military aggression after it has once gained momentum may be mighty difficult to stop. It may even get out of the control of its own masters.

If Japan today claims as she does, that North China is of vital importance to her, so much so that she must control it militarily, what guarantee is there that she will not make this same claim with respect to the Hawaiian Islands three or five years from now? Thus, for her own interests and national welfare America cannot and will not see Japan conquer China without doing something, quite effectively about it.

The case of Great Britain is even more urgent and vital than that of the United States. She has already felt the pinch of Japan's aggression in Manchuria and North China. Unless England intends to give up all her interest in the Far East, a thing which she can ill afford to do if she desires to keep even a resemblance of her Empire, then it is only a matter of time before she must come to serious grips with Japan. From the proposals which are alleged to have been made by Sir Frederick Leith-Ross to the Japanese Government during his last visit to Tokyo, the British Government apparently is still hoping against hope that the tide of Japanese aggression can be stemmed by certain substantial concessions to be made to Japan in Manchuria and North China—at China's expense—of course. But the moment Great Britain's interests in the Yangtze Valley and in Southwest China are menaced the relationship between England and Japan will immediately take on an entirely different complexion. In other words, again for her own national interest and welfare Great Britain cannot and in all probability, will not see China conquered by Japan without strenuous opposition. Whatever other significance may be attached to the reported Anglo-Soviet Naval Agreement, it obviously constitutes a British warning to Japan. Japanese press reactions prove that!

The most important country to be considered in the Far Eastern situation at present is, of course, the Soviet Union. It is imaginably possibly, that conditions elsewhere in the world might come to such a crisis that United States and Great Britain might be compelled, temporarily, to surrender their positions and interests in China and the Far East. But not so the U. S. S. R., for the simple reason that Soviet Russia herself is an integral part of the Far East. The recent military pact between Outer-Mongolia and the Soviet Union was but a straw pointing the direction in which the wind is blowing and is likely to continue to blow. Soviet Russia with her characteristic political foresight realizes that every inch of Chinese territory and every Chinese concession gained by Japan is so much against her in the final reckoning that is bound to come should Japan continue with her present program of military and economic aggression. The differences, political, economic, and cultural, between Japan and the U. S. S. R. are too deep and too fundamental to be adjusted without a major war. Hence with this in view, Soviet Russia would be the last nation on earth, other than China herself, which would willingly and supinely see China swallowed up by Imperial Japan—also Russia's chief enemy—without a struggle.

As for China herself, if her present temper is any indication at all, she will not and cannot submit to Japan without a fierce struggle, a struggle that may well extend over many years. The question is, can Japan financially, to ignore other considerations, afford to engage herself in such a protracted struggle? Even if China could be, temporarily, cowed into submission it is extremely doubtful whether the Chinese people could be kept in subjugation very long, particularly by a country like Japan. If our history means anything it teaches two things: (1) China has an enormous capacity for absorbing her conquerors; (2) Whenever she cannot absorb conquerors, she has always managed to overthrow them in the end. With this historical background in view, Japan is trying to apply a new and yet old strategy in her effort to enslave China. That strategy is to "Divide and Rule" by using the Chinese to fight the Chinese (以華制華).

Like all countries China has her share of black sheep but unfortunately these elements are not numerous and they usually are an ignorant and contemptible lot. Furthermore, popular sentiment for unification in the country is so insistent and strong that it is exceedingly questionable whether any separatist movement, even with Japan's military and financial backing can finally and really succeed. But for the sake of argument let us assume that Japan should succeed in her present strategy of "Divide and Rule" and thereby conquer China! In that event, it would be, in the final analysis, not a Japanese conquest but a Chinese conquest, self-imposed. Should such a situation eventuate no one in heaven or on earth could do anything about it. So the answer to the question asked in the subject of this article, "Can Japan Conquer China" is: *Japan cannot conquer China unless China conquers herself.* But the evidence is growing that there is already too much nationalism in this country to permit such self-conquest. To return to our whale and shark parable, may we not then say that the shark can never hope to subjugate the whale unless, indeed, the whale decides to subjugate itself!

Peking Syndicate Reports Steady Cooperation Between Chinese and Foreign Staffs

Presiding at the annual meeting of the Pekin Syndicate Limited in London July 15, Brigadier-General C. R. Woodroffe said he was glad to be able to report that so far as the company's mines are concerned everything is satisfactory and steady progress has been maintained. There is, he said, complete co-operation between the Chinese and foreign staffs of the Administration, and the reorganization, which was well under way at the beginning of 1935, has been practically completed. At the beginning of 1935 the question of transportation by the Tao-Ching Railway of coal mined from the illegal native pits presented difficulties. Representations were made, not only to the railway authorities, but also to the Provincial and Nanking Governments, but it was not until General Chiang Kai-shek was approached that this transportation was stopped. He gave instructions that no coal from the illegal native pits was to be carried by the railway. In May last year, however, the trouble recurred, and in spite of further protests, the railway recommenced transporting the coal. Fortunately, after somewhat difficult negotiations, it was again stopped, the last shipment being made on May 22, 1935. In order to deal finally with this difficult question an agreement was come to whereby the Administration undertakes to purchase from the native pits a specific quantity of coal each month, and they, on their part, undertake not to transport their coal by the railway. So far this arrangement has been successful, Gen. Woodruffe stated.

Soviets and Japan Bargain with Britain; Germany Consolidates Position on Continent

NOT since 1914 has the European situation, not to say that of the entire world, been in such a critical state as it has every appearance of becoming as a result of the civil war in Spain. It is no longer a secret that the two countries which are being led by dictators of the most pronounced type, namely Germany and Italy, show much sympathy toward the reactionaries who are staging the present revolution in Spain with the object of overthrowing the left, but at the same time, liberal, government which is in power in the ancient land of Castille. The British Government, under the circumstances, finds itself rather hard pressed. England's possessions and prestige are more affected by the Spanish civil war than may at first appear. To begin with, the fighting is so near Gibraltar that some of the British residents there have been wounded by stray Spanish shells. Needless to say, Spaniards of all persusaions would like to see the British put out of the so-called Rock, which isn't a rock. It is to be noted also that one of the main bases of the Spanish rebels is the Spanish military organization in Morocco, and this has an important bearing on Britain's hold on Egypt. In fact it is probably the case that the Spanish civil war has played into the hands of the Egyptians to press their demands upon the British to lessen their hold in that country. As a matter of fact the British Foreign Office on August 10 accepted the essential Egyptian thesis transferring the jurisdiction on penal cases from the consular courts to mixed tribunals. The principle involved is that of Extraterritoriality—only in the Near East the term Capitulations is used.

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It has often been said that Britain never goes into a contest without allies, and never in Britain's history have the country's diplomats been on the *qui vive* so earnestly as at the present time. For the moment Britain must decide as between the Soviets and the Japanese. Both of said countries will in any event prove hard bargainers. How good a bargainer the Soviet Government is proving was mentioned in a dispatch by Frederick T. Birchall to the *New York Times* from London May 31. The following are extracts from Mr. Birchall's message:

> "The British expected it would be the easiest thing in the world to reach a two-power agreement binding Russia to the terms of the naval treaty already concluded with the United States and France. They have had a rude awakening. The Russians have declined to limit the size and gun-power of their ships in the Far East unless they first obtain a special limitation treaty with Japan. More important still and more embarrassing for the British, the Russians will not exchange building plans with other naval powers for fear Japan will get wind of them. They have no intention of letting the Japanese know, either directly or circuitously, how many submarines they intend to put into Vladivostok harbor or how powerful these submarines will be."

In the meantime there is also much talk of a closer working arrangement between the Japanese and British, although it does not appear that there is much sincerity on either side. The London correspondent of the *Tokyo Asahi* wired Aug. 5 that the British Government has of late keenly felt the necessity for re-building Anglo-Japanese friendship and has shown much interest and concern in the trends of Japanese public opinion, Government, Army and financial circles. Captain Eden, Foreign Secretary, First Lord of the Admiralty Hoare and Chancellor of the Exchequer Chamberlain, etc., it was stated, had interviewed Ambassador Yoshida on several occasions and weighed Japanese views. Sir Samuel Hoare was represented as having his own private plan for Anglo-Japanese co-operation on political, economic and military grounds, as follows:

> 1.—Politically Japan shall affirm the territorial integrity of China and the Open Door and shall not injure the vested rights and interests of Britain in China, in return for which Britain shall recognize the independence of Manchukuo and co-operate in Manchukuo's development and recognize Japan's special rights and interests in North China.
>
> 2.—Economically, the Anglo-Japanese trade negotiations which have not materialized are to be re-opened. Britain shall lower and readjust the tariff walls against Japanese goods on the guarantee that Japan buy British goods and in this way recognize to some extent the advance of Japanese goods in the British Empire.
>
> 3.—Militarily, Japan shall give affirmation to the 1936 London Naval Treaty either directly or indirectly.
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> It was further reported that Chancellor of the Exchequer Chamberlain, upon receipt of a report from Sir Frederick Leith-Ross, would give consideration to a Chinese financial rehabilitation plan through Anglo-Japanese co-operation and the calling of a currency stabilization international conference including Japan as one of the participants.

The answer to the above was a *Reuter* message from London saying that the reported plan was being treated with the greatest reserve in responsible quarters in London, but nevertheless, the desire of certain Japanese quarters for an improvement in relations between Great Britain and Japan was shared in London, despite the realization of many difficulties in the way, notably the influence of Japanese extremists. The *Asahi* itself stated that while the possibility of British

recognition of Manchukuo is to be welcomed by Japan, she must nevertheless not pay too dear a price in achieving that end; it had to be remembered that Great Britain's interests in China are only economic, while Japan has both political and economic interests, especially in the North.

The London *Times* of August 8, commented:—"There have lately been several indications that Japan is thinking in terms of Anglo-Japanese rapprochement. Proud, defiant and perhaps a little light-headed, Japan faces the future but faces it alone. The outlook of Japan's foreign trade is far from bright. Manchukuo provides no haven for her surplus population. Soviet Russia is viewed with growing apprehension and, even if an armed conflict is avoided, ideological and economic clashes between these two Powers will leave important marks on the future of the Far East." "In the circumstances," The *Times* added, "the renewal of some form of an Anglo-Japanese alliance would be welcomed by Japan . . . Great Britain would welcome such friendship provided the foundations include genuine and not merely nominal regard for the sovereign rights of China."

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The latest telegrams indicated that the reactionary rebel forces were gradually gaining the upper hand over the Spanish Government forces. Troops of General Franco, rebel leader, and those of General Emilio Mola, co-leader of the insurgents, are stated to have joined forces on Aug. 8, about two miles west of Badajoz. Meanwhile, about six miles north of Olivenza, a column commanded by Colonel Fernandes, which had left Huelva several days previously, met a column commanded by Colonel Garcia Escamez, from Salamanca.

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Writing from Berlin July 12, Sigrid Schultz contributed an article to the *Chicago Tribune* stating that an alliance more powerful than the Austro-German-Italian triple alliance before the world war had practically been concluded among Germany, Austria, Poland, Italy, and Hungary. "We now form a solid bloc of virile nations that will not tolerate discrimination of any kind," Dr. Paul Joseph Goebbels, German propaganda minister, told a friend. Thus he revealed that the powers dissatisfied by the division of spoils after the world war are drawing together to insist on what they consider their rights. The prospect of the larger alliance comes on the heels of the new Austro-German pact of friendship in which Germany promised to respect the full sovereignty of Austria and Austria promised to adopt a more friendly policy toward Germany. By coming to terms about Austria, Premier Mussolini and Hitler secured control of southeastern Europe. How they will divide the spheres of influence remains to be seen. Germans are confident France has completely lost her hold over the southeastern states of Europe, except Rumania and Czechoslovakia. An *A. P.* message from Rome July 12, quoted Italian political observers as predicting that four power collaboration in all major problems on Europe—between Germany, Austria, Italy and Hungary—would be the first result of the Austro-German accord.

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The French Government has been taking the lead in proposing to the principal nations of the world that they should observe neutrality as regards the Spanish situation. A *Havas* message from Paris August 11, stated that the Soviet Government informed the French Chargé dAffaires at Moscow of the adhesion of the Soviet Government to the French proposals. It is understood in Paris that the Soviet Union made no reservations and is ready at once to enforce a ban on the export of war materials, including military and commercial airplanes; the Soviet Government, nevertheless, is requesting that the preliminary part of the French proposals, which emphasize that the contracting parties to the accord wish to remain neutral, be eliminated, fearing that this section would be a hindrance to negotiations as the result of the distinction made by Rome between neutrality and non-interference. Italy's answer to the French proposals is stated to be that she accepts the French draft agreement, but makes two proposals which she wishes incorporated into the accords: Supplying of money to either the

The black portion of the map (reproduced from the Chicago Tribune) shows Germany's vision for a new alliance in Europe. This lineup would revive the pre-war Austro-German-Italian triple alliance, with the addition of Poland. The new Austro-German friendship pact is seen as the basis for the new grouping.

insurgents or Madrid should be prohibited, and enlistment of volunteers on either side should also be interdicted.

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The appeal for Anglo-Japanese rapprochement made last week by the Tokyo *Asahi* was taken up August 11, by the Tokyo *Jiji*, which expressed its belief that the rapprochement between the two countries would be justified if only by a mollification of a possible Anglo-Japanese clash. The journal noted that Japan's material development is being paralleled by a steady increase in population, and voiced its belief that the nation's demand for raw materials and new markets is "quite natural." If Great Britain, which enjoys the largest natural resources and widest markets in the world, really desires co-operation with Japan, she would be able to achieve it and "live and let live with Japan", the daily added. London, the journal said, can secure this rapprochement at the smallest possible sacrifice, "nay, the Anglo-Japanese trade dispute could be settled without any sacrifices on the part of the British Empire as a whole." The *Jiji*, however, doubted whether Great Britain would take "proper cognizance of the realities of the international trade situation and the advance of Japan's foreign trade. True Anglo-Japanese rapprochement," the journal said, "can be effected only on a footing of equality."

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A *United Press* message from London Aug. 10, stated that France is preparing to invite the United States to adhere to the proposed European pact for non-intervention in Spain. Baron Konstantin von Neurath, the German Foreign Minister, in a note on Saturday was reported to have told Great Britain and France that Germany agrees in principle with the plan for a neutrality pact, but that she regards the adherence of the United States as a necessity to its succes.

As regards America, the general attitude within the country is one of "hands off." The fact the United States is actually paying for the last World War, despite the fact that the issues at stake had little to do with the Western World, is not yet forgotten. However, should the situation in Spain develop further on the lines along which it has started, the present indications are that the Spanish "monarchist" party would receive the support of Italy, Germany and Japan. Should it ever come to the test and America had to make a choice as between the Bourbons, Hitler, Mussolini and "the Son of Heaven," on the one side as against liberal England, republican France, constitutionalized Russia and democratic China on the other, then can be little doubt as to which side she would take.

The Crisis in Spain and the Crisis in Europe

BY P. DARAL

(Editor's Note: The writer of this article is a Shanghai resident who recently returned from a long sojourn in Spain. While the article does not deal directly with the Far East, it lucidly presents a clear picture of the significance of contemporary events in Spain and in Europe, events which, regardless of their outcome, are likely to have a major influence on the policy of foreign powers in the Far East.)

FOR the past century, Spain has stood aloof from European intrigue, troubles, and wars. To anyone but political observers, she appears a typically neutral country, too busy with her internal disputes and too weak as well to take an active part in world politics.

The civil war now raging in Spain, however, should make it clear to everybody that she is not an isolated country, that the troubled feelings and conflicting interests which are daily manifested in Europe have an equally profound repercussion in the Peninsula. In fact, the two main conflicting tendencies in contemporary Europe, which so far have existed in relative peace, are now in open battle in Spain. Hence, the Spanish Civil War will have far-reaching international consequences, consequences already sharply appearing.

Today, as in the days of the World War, Spain does not take a direct part in international politics, but all European events have a direct and influential bearing on her internal policies. During 1914-18, no neutral country witnessed such bitter arguments as those between Spanish partisans of the Allies and partisans of the Central Powers. For them, the forces of this international struggle were localized. The Monarchist Party, then as now, was strongly pro-German and maintained a feeling of friendly neutrality for the Central Powers. The liberals and the Republicans, on the contrary, considered themselves the spiritual sons of the French Revolution of 1789. Impregnated with French culture, they violently denounced their Government's pro-German maneuvers and openly urged that Spain should enter the war and fight with the Allies. Each group, naturally, was supported by the European bloc they favored and this situation made Madrid the most active spy-nest of the world for a considerable period.

With the embitterment of international relations in Europe some five years ago and which coincided with the overthrow of the monarchy in Madrid, Spain once more came into the limelight of European political preoccupations.

Of the major powers concerned with Spain, France most certainly has the most direct interest. Aside from bordering Spain, she is deeply preoccupied over the status of the strategic Balearic Islands, which lie midway between Marseilles and Algiers, in other words, between France and her colonial empire. Her strength would be greatly imperilled if an unfriendly power controlled these islands in the event of war. Her North African possessions supply the material and men she will need in a conflifct. And beyond Algeria, behind the Sahara, which is now easily crossed by motor lorries, is the Sudan, a veritable reservoir of proven, valorous, and disciplined men, all potential fighters.

The Central Aims of French Policy

One of the central aims of French policy since the end of the war, therefore, has been to ensure the freedom of communications in the Western Mediterranean and at the same time, to prevent Italy from possessing a fleet powerful enough to threaten France's normal relations with the North African shore.

For Great Britain, it is equally imperative that no major power take root in the Balearics and thus endanger the British route to the Indies, regarded by her statesmen as the Empire's life-line.

When European powers were dividing the old Cherifian Empire of Morocco, Italy vainly attempted to secure control of the city of Tangiers, which commands Gibraltar from the African side. She has also sought privileges in Spanish ports. Today these desires are essentially unchanged.

Germany would abet any policy which would weaken the position of France and in the past few years German propagandists have been most active in Spain. One of the first "Brown Houses" organized by Berlin abroad, was opened in Madrid.

As for semi-fascist Portugal, where government opposition is strong, Lisbon welcomes any development which will prevent her revolutionaries from receiving open or disguised aid from Spain.

All the international exigencies could not and did not fail to have an important influence on Spanish internal affairs. When Republican Spain in 1932 greeted President Herriot of France, Monarchists and Rightists staged disorders in Madrid. "No foreign entanglements! Let us abide by the Monarchial policy which preserved us from the evils of war!" were the slogans they advanced. Right Wing newspapers alleged that President Herriot sought for the French Navy the use of Port Mahon, in Minorca Island, and of Spanish railways to expedite the movement of troops from North Africa to France.

Messages from the capitals of Europe daily confirm that the Spanish civil war has become an international, and especially a European, affair. Slumbering political passions are now openly flaring. France sees her position directly and strongly threatened. For there is no longer any doubt but that President Azana's Republican forces are fighting rebels who are directly—spiritually and materially—supported by fascist Italy and fascist Germany. Without taking an open stand, Protugal is not concealing her sympathies, for all reports from Lisbon on the rebellion are favorable to the insurgents. The same is true of reports from Berlin. In France, public opinion for the most part favors Madrid and even in the camps of the most sympathetic supporters of fascism, the undeniable aid given Franco's movement by Mussolini is resented as provoking an acute danger to France. The Spanish rebellion has unleashed political forces even far stronger than those which manifested during the Italo-Abyssinian conflict last Fall or when the Rhineland was remilitarized by Germany this Spring.

Though pessimists predict that the civil war will degenerate and might eventually start a new European war, the main forces toward peace, paramount of which is the fear of the consequences of a new war, will probably prevail. But regardless of the outcome of Spanish strife, the result is bound to be far-reaching nationally and internationally.

No Peace in Sight in the Near Future

No peace in the near future can be foreseen in Spain. Should the rebels triumph, a bitter internecine struggle will continue for at least several months. To understand this, one must have witnessed the passion and the deepness of hatred of the adversaries in Spanish internal struggles. No pardon is asked; none is granted. Countless horrors were perpetrated by both Rightists and Leftists, especially during General Sanjurjo's short-lived rebellion in 1932, and the brutal suppression of the Leftist uprising of October, 1934. If Madrid is defeated, the rebels must turn to battle Catalonia where Rightists have been unable, even in the past weeks, to manifest strength,—where the totality of the people stand for autonomy and for leftist ideals. And when both Madrid and Barcelona are defeated, Spanish fascists will have to face the Spanish worker, who regards the issue as one of life or death.

Nor will peace follow if the Republican Government smashes the rebels. For the present, all Spanish leftist parties are united in a common struggle. This unity could not survive a victory. Reports from Barcelona indicate that Communists are already trying to get the upper hand in Catalonia. And there can be no doubt that few of the arms distributed to the workers' militia will ever find their way back into Government arsenals. Anarchists, powerful throughout Spain and especially so in Catalonia, will doubtlessly not let such a priceless situation pass without action. And Communists, for their part, will certainly attempt to realize Lenin's words: "After Russia, Spain."

Internationally, a Republican victory would not have spectacular results. It would mainly serve to preserve the internal *status quo*. But for a long time the threat of a Communist revolution would appear for Spain's neighbors as an immediate and a very serious danger.

But a rebel victory? In such an event, the most far-reaching changes would occur in Europe. There is no doubt that General Franco made definite commitments to those now helping him. A military dictatorship in Madrid would permit Mussolini to take steps toward the realization of his long-cherished dream: the re-creation of the Roman Empire as of old. The Mediterranean would once again become a "Roman Sea." Rome would then definitely have the unquestioned command of Britain's life-line to India. France, surrounded by three friendly fascist states, would be in a most difficult position. Under such circumstances, she would probably tighten up her alliance with the Soviets while at the same time would welcome the rapprochement which Great Britain would extend to her. Europe would thus be taking a new and critical step toward the formation of two unreconcilably antagonistic blocs.

Such are the issues which the Spanish civil war will decide, a struggle which, according to all appearances and in the opinion of European statesmen, will not have a rapid end.

Shanghai, August 12, 1936.

Failure of Leith-Ross and the Future Outlook

BY WEI YU-FEI

AFTER completing the mission on which he was sent out in September, 1935, the Financial Adviser of the British Government, Sir Leith-Ross left China in June for England. He spent altogether nine months in the Far East, and it is the purpose of this paper to discuss the significance of his visit and his findings. Sir Frederick arrived in China during the climax of the economic depression, caused, as many think, by the American silver policy. There were many failures in business, and many foreign Governments, wondering where China was drifting, and whether there was any hope of revival, sent various investigators and missions to study economic condition in China. Sir Leith-Ross's mission, as reported in the newspapers from time to time, may be summed up under five headings: (1) A survey of the China market, to promote British trade; (2) the possibility of arranging an international loan to China to strengthen her financial position, so that Great Britain could retain the privileges and irghts already acquired; (3) the effect on China of America's silver policy; (4) to advise China to link her currency with some other currency, and (5) to investigate the position of Japan in the Far East, in the hope of finding common ground for compromise.

Sir Leith-Ross does not claim that he accomplished anything in China, and simply stated that he had become better acquainted with conditions in the Far East, but we shall try to deduce his accomplishments from happenings during his visit.

Visits to Japan.—The purpose of these was doubtless to try to line-up Japan to give China greater impetus in development, knowing full well that Great Britain alone could not help China rid herself of the fetters of foreign interference. Great Britain now even finds it hard to maintain her position in China markets, and was not willing to give it up altogether.

Japan's remark during his first visit that Sir Frederick Leith-Ross was wiser than before, meant that he knew more about the special position of Japan in China. On his second visit Sir Frederick acknowledged that Japan has a special position in North China, but he wanted to secure a place for Britain so far as possible, but he failed to get anything from Japan.

During his stay of nine months Sir Frederick Leith-Ross must have observed that Great Britain could not single-handed maintain the position in trade that she has gained. He must have seen that smuggling in the North was undermining her position. His disappointment was certainly great when he found he could not enlist the co-operation of the Japanese military authorities in putting a stop to smuggling. It is evident, that Japan does not want to co-operate with Great Britain in matters concerning China.

Cause of Failure of British Mission.—There is no room for co-operation where these is imperialism. One of the main characteristics of imperialism is the expansion of markets, and in all his talks with Japan Sir Frederick Leith-Ross lost sight of the fact that Great Britain was shutting out Japan in her own colonies and dependencies. Great Britain would surely refuse Japan's entry into her Empire markets, and that's why Japan is now looking for markets that are dependable, hence the creation of the so-called "Manchukuo" and the "special position" in North China, at a vast expense of money and energy. It is hardly imaginable that Japan would give up this promising market, which to her is nothing short of trading with her own colony.

This is the crux of the problem between Great Britain and Japan, and Sir Frederick Leith-Ross may or may not be aware of the fact. In short, Japan has taken the attitude that the Far East is Japan's own territory, so there is no room there for others, particularly Great Britain. The Japanese seemed to think that Sir Frederick, on his last visit to Japan, showed more understanding of Japan's real attitude, but it still appears that he had not grasped the full signiffeance and real meaning of the Japanese attitude and policy in the Far East.

Parting Advice.—Before his departure Sir Frederick Leith-Ross issued a long statement summing up his work in China, pointing out the difficulties China was experiencing, and ending up with an expression of his opinions. One of these was that it would be better for China to reduce her tariff.

It is doubtful whether China would benefit economically by a low tariff, as this would mean that China would become a practically free trading mart. Sir Frederick Leith-Ross made this statement with a purpose; though perhaps not certain what he had in mind, yet there is a trace of the source of this idea.

During his stay in the East Sir Frederick went to Japan twice, but did not succeed in coming to any understanding with Japan. The relationship between Great Britain and Japan was not improved, and there is still much room for disputes and misunderstandings. Whatever their relationship is however, China is always the sufferer, and she must look to herself for salvation. It is up to her own people.

—*Translated from "Tsu Mon" Monthly, Vol. 2 No. 11,* July 15, 1936.

Gen. Chiang Kai-shek Arrives in Canton; Situation in Suiyuan Again Critical

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Gen. Chiang Returns to Scene of Former Glories After Long Absence.**
2. **Kwangsi Warlords Said Willing to Retire on Three Conditions.**
3. **Kwangsi Abandons Plan of Organizing Independent Government.**
4. **New Officials of Kwangtung Provincial Government Assume Office.**
5. **Kwangtung to Abolish Miscellaneous Taxes Beginning September 1.**
6. **Kawagoe Ordered to North China to Probe Alleged Nanking Activities.**
7. **Suiyuan Situation Again Critical as Japanese Plan Invasion of Province.**
8. **"Shanghai Mainichi" Regards China-Japan War as Inevitable.**

For the first time since he left Canton in 1926 as leader of the anti-northern expedition, General Chiang Kai-shek, President of the Executive Yuan, set foot at the city Aug. 11, when he landed in an aeroplane from Kuling. The Generalissimo, who was accorded a royal reception, was accompanied by General Chu Pei-teh and Madame Chiang. He intends to make a final attempt to liquidate the Kwangsi situation by negotiation, failing which he is expected personally to direct a punitive campaign against Generals Li Tsung-jen and Pai Chung-hsi. The two Kwangsi warlords have hitherto refused to accept the new posts given them by the National Government—General Li as a member of the Standing Committee of the Military Affairs Commission and General Pai as the Governor of Chekiang. General Chen Chien, Chief of the Staff at Nanking, arrived at Canton a few hours before General Chiang Kai-shek to make arrangements for the establishment of a headquarters for the Generalissimo.

KWANGSI WARLORDS WILLING TO RETIRE ON THREE CONDITIONS

Generals Li Tsung-jen and Pai Chung-hsi, the Kwangsi warlords, have expressed their willingness to retire provided three proposals they have submitted to General Chiang Kai-shek are accepted, according to a *Reuters* report Aug. 9. The proposals are :—

1.—That the Kwangsi forces be reorganised into four special divisional units;

2.—That, in addition to accepting responsibility for the payment of military expenses, the Central Government grants Kwangsi a monthly subsidy of $1,000,000 and Kwangtung a grant of $300,000 for reconstruction purposes, and

3.—That General Li Chai-sum, one of the leaders of the Fukien rebellion, be appointed Commander-in-Chief of the Kwangsi forces and Pacification Commissioner for Kwangsi.

On August 2, Gen. Chiang Kai-shek sent a reply to the message from Gens. Li and Pai, reiterating his suggestion that they come to Nanking at an early date to assume their new posts, or proceed to Canton to await his arrival, so that they can frankly talk over the various problems. With regard to their request that a detailed programme of national salvation be sent them, the Generalissimo explained that a matter of such importance never could be transmitted by telegraph, and a report of this nature only could be made by the Government on the express request of the highest organ of the State, and if made, it would have to be made to the highest organ of the State in a body. As to the general foreign policy of the Government and the minimum point for resistance against alien aggression, they had been made known at the Second Plenary Session of the Central Executive Committee.

KWANGSI HAS ABANDONED PLAN OF ORGANIZING INDEPENDENT GOVERNMENT

The situation in the South is developing in favor of Nanking, as indicated by the fact that the Kwangsi authorities have abandoned their program for the organizing of an independent Government in the province, reported *Shanghai Nichi Nichi* Aug. 6.

That the plan for the organization of military government in Kwangsi has been completely abandoned and that both Gen. Li Tsung-jen and Gen. Pai Chung-hsi, are inclined to submit to the control of Nanking, was expressed by the *Shanghai Mainichi* in its leader Aug. 7. "No one believes that the Kwangsi troops can resist the Nanking Army. Under the present conditions, when the Province has been isolated from Kwangtung economically, and now that Kwangtung has been turned into a military base of the Nanking Government, the position of Generals Li and Pai has become much worse". Pointing out that Gen. Pai Chung-hsi is, perhaps, the only rival of Gen. Chiang Kai-shek as a strategist, the paper emphasizes that Gen. Chiang could not 'use' Gen. Pai as his assistant in his future military career. "What he would do is to keep Gen. Li Tsung-jen away from Gen. Pai Tsung-hsi. Gen. Chiang will ask Gen. Li Tsung-jen to reside in Nanking, just as Gen. Feng Yu-hsiang does, and will force Gen. Pai out of Kwangsi". The *Mainichi* points out that one can hardly believe that Gen. Chiang Kai-shek will pursue his pro-Japanese policy forever. "On the contrary", the paper continues, "he is consolidating his military position in order to meet any emergency".

ELEVEN KWANGSI PLANES DESERT TO JOIN GOVERNMENT

Eleven army planes, commanded by Huang Chi-chi, flew to Changsha, Hunan, Aug. 4, according to *Domei*. Gen. Pai Chung-hsi has ordered that no plane be allowed fuel for more than a 30-minute flight. Kwangsi troops on Aug. 5 began to withdraw from Chuanchow, an important military base in northern Kwangsi, to

Kwangsi has a liberal supply of modern trench-mortars, widely used in the Chinese army. This particular mortar was manufactured in the Mukden, Manchukuo arsenal and sold to the Kwangsi warlords by the Japanese.

Hsinan. Both Chuanchow and Hsinan have been repeatedly bombed by Kwangtung Army planes, which threatened to disrupt all communication between the front lines and Chuanchow. Two columns of Central troops, commanded by Hsieh Yueh and Chen Chu-chen, are now heading for Chuanchow.

Owing to his opposition to civil war, Lieut.-General Hsia Wei, Commander of the 15th Kwangsi Army, was reported to have been detained by Generals Li Tsung-jen and Pai Chung-hsi.

KWANGSI FORCES CONTINUE INVASION OF KWANGTUNG

Reports received at Canton Aug. 10 state that 8,000 Kwangsi troops are advancing towards Huachow, a town about 40 miles inside Kwangtung in the southwestern part of the province and about 20 miles from the sea coast. Another detachment of Kwang-

A recent picture of Kwangsi militia units, this being a camouflaged machinegun squad in the Wuchow district.

si troops, has occupied Nanking, a small town midway between Huachow and Lienchow. Wang Jen-yu, magistrate of Lienchow, is reported to have fled to Hongkong with his family. Mines are stated to have been laid by the Kwangsi authorities in the West

River on the Kwangsi-Kwangtung border, and foreign vessels have been notified to report to the Kwangsi authorities before their sailing into Kwangsi waters so that special pilots will be provided them to direct their entry in order to avoid danger.

With a redivision of the garrison areas in Kwangsi, Gens. Li Tsung-jen and Pai Chung-hsi have made Liuchow, 120 miles northeast of Nanning, their center of military activities, according to *Central News*. Decision has also been made to withdraw all Kwangsi troops from Pinglo, situated about 30 miles from the southern tip of Hunan province, back to Liuchow. Lungchow, a city in southern Kwangsi about 15 miles from the Annam border, has been made the headquarters of the Reserve Army with Lieut.-Gen. Chiang Ju-chuan as defense commander. The main munitions depot is now situated at Liuchow with Lieut.-Gen. Lan Teng-chiao as depot director. Lieut.-Gen. Yin Cheng-kang has been appointed defense commander of Liuchow.

Generals Li Tsung-jen and Pai-Chung hsi will give up Wuchow in shortening their line of defense if necessary. The Wuchow branch of the Kwangtung Provincial Bank has been abolished and its silver holdings, amounting to $18,000,000 ,have been removed to Nanning by twenty motor launches.

George Hsu Chien, an envoy of the Chinese Red Army, is reported to have reached Nanning, capital of Kwangsi, according to *Min Pao* Aug. 10. The Red envoy, it is said, will discuss with the Kwangsi leaders the problem of co-operation between the Kwangsi forces and the Communists. It is understood that, as from Sept. 1, a change will be made in the land system in Kwangsi where the properties of the people will be confiscated.

Five additional divisions were ordered Aug. 10 by Gen. Chiang Kai-shek to proceed to the West and North River regions, bordering on Kwangsi province, according to *Domei* Aug. 11. These troops, the 11th, 14th, 18th, 15th, and the 67th Divisions were formerly stationed in Hunan and Kiangsi.

FOREIGN MISSIONARIES EVACUATE WUCHOW FOR SAFER ZONES

Fifteen women and two men, comprising the foreign population of Wuchow, arrived at Hongkong Aug. 6 aboard the steamer *Kong So*, reported *United Press*. They evacuated the city following reports of fighting in the environs. Two of the group were Americans, Mrs. Roy G. Pearson, wife of the Standard Oil Company representative at Wuchow, and Miss Helen J. Thompson, a missionary. The remainder of the party consisted of two Canadian and three British missionaries, and a number of European nationals attached to the Chinese Maritime Customs.

According to a United *Press* message from Hongkong Aug. 11, Chinese banks in Pakhoi, extreme western Kwangtung, have sent their silver holdings to Hongkong due to imminence of Kwangsi attack. The message adds that Kwangsi troops are about 40 miles from the city.

NEW OFFICIALS OF KWANGTUNG PROVINCIAL GOVERNMENT ASSUME OFFICE

General Huang Mu-sung, the new Chairman of Kwangtung, and Liu Wei-chih, the new Provincial Commissioner of Reconstruction, assumed their duties Aug. 10.

"Adequate protection and assistance will be extended by the Government to private productive enterprises in Kwangtung, and whatever productive enterprises the people may be engaged in, the government will not enter into competition with them." Thus declared Liu Wei-chih in an interview with a representative of the *Central News Agency* upon his assumption of office as Reconstruction Commissioner of Kwangtung Aug. 10. Meanwhile, Mr. Liu ocntinued, foreign capital and technical cooperation will be sought to increase Kwangtung's power of production on the principle of not impairing China's sovereign rights.

Chu Cheng, President of the Judicial Yuan, and Chen Li-fu, member of the standing committee of the C.E.C., arrived at Canton Aug. 11 by air from Shanghai. They have come on an inspection of judicial and party affairs. Accompanying them was Hsiao Chi-shan, a member of the C.E.C. Interviewed at the Lunghwa aerodrome prior to departure, Mr. Chu denied that he had been entrusted with the mission of going to Nanning, capital city of Kwangsi, to see Gens. Li Tsung-jen and Pai Chung-hsi on behalf of the Central Government regarding a settlement of the Kwangsi situation.

KWANGTUNG 4TH ARMY REORGANIZED INTO 10 DIVISIONS, 20 BRIGADES

In accordance with the national army system, the Fourth Route Army in Kwangtung has been reorganized by orders of Gen. Yu Han-mou, Commander-in-Chief of the Army and Pacification Commissioner for Kwangtung. The titles of the five armies as originally existed have been abolished and the whole Fourth Route Army has been reorganized into 10 divisions and 20 brigades.

The commanders and deputy commanders of the old five armies will be given positions either in the Fourth Route Army Headquarters or the Pacification Commissioner's Headquarters.

The following have been appointed divisional commanders:

Lieut.-Gen. Mo Hsi-teh, First Division;
Lieut.-Gen. Yen Shao, Second Division;
Lieut.-Gen. Chang Jui-kwei, Third Division;
Lieut.-Gen. Mu Chien-hung, Fourth Division.;
Lieut.-Gen. Li Han-huan, Fifth Division;
Lieut.-Gen. Huang Chih-wen, Sixth Division;
Lieut.-Gen. Teng Lung-kwang, Seventh Division;
Lieut.-Gen. Tseng Yu-jen, Eighth Division;
Lieut.-Gen. Tan Sui, Ninth Division;
Lieut.-Gen. Chen Han-kwang, Tenth Division.

Gen. Hsiang Han-ping, a high military commander who was discharged by Gen. Chen Chi-tang two years ago, has been appointed Chief of Staff of the Pacification Commissioner's Headquarters.

Following the reorganization of the Fourth Route Army, Gen. Yu Han-mou has divided the province into five military areas for efficient garrison duties. The areas, to be known as the Eastern, Western, Southern, Northern and Central areas, will be formally established in the middle of August. Gen. Hsiang Han-ping, chief of staff of the Pacification Commissioner's Headuqarters, has been appointed commander of the Eastern Area. Gen. Miao Pei-nan, commander of the abolished Training Division, has been appointed commander of the Southern Area. Gen. Huang Jen-huan, commander of the abolished First Independent Division, has been appointed commander of the Western Area. Gen. Chang Ta, commander of the abolished Second Army, has been appointed commander of the Northern Area, and Gen. Li Chen-chiu, deputy commander of the abolished First Army, appointed commander of the Central Area.

To facilitate the reorganization, General Yu has ordered the 10 Divisions to be concentrated at designated cities before the 15th inst. and to complete their reorganization by the end of the month. The military expenses of the 4th Route Army will hereafter be fixed at $3,000,000 monthly.

The military academy at Yentang has now been reorganized into the Canton branch of the Central Military Academy, and Lieut.-Gens. Chen Ke-yu and Chen Tse-ching has been appointed director and dean of the academy respectively.

An oath-taking ceremony for all new military commanders appointed by the Central Government will be held here on Aug. 15.

The headquarters of the Kwangtung Naval Force has been reorganized into that of the River Defense Force. Rear-Admiral Chen Tse-ying, formerly commander of the Kwangtung Navy, has been appointed commander of the River Defense Force.

KWANGTUNG TO ABOLISH MISCELLANEOUS TAXES BEGINNING SEPT. 1

Abolition of miscellaneous and exorbitant levies in Kwangtung as enforced under the regime of Gen. Chen Chi-tang will begin on Sept. 1, *Central News* reported Aug. 5. Due to the large number of such irregular taxes in existence, their abolition will be carried out by several stages.

The first batch of over 20 categories of the most usurious kind will be eliminated during the first period.

About 130 newspaper and news agency representatives were entertained by T. L. Soong, Finance Commissioner for Kwangtung, at a dinner in Canton Aug. 4. In the course of a speech, Mr. Soong declared that he had been entrusted by the Central Government to readjust Kwangtung's finances and to bring about currency reforms in the interest of the people of this province. The general programme of the Government was (1) to readjust the bank-note difficulties; (2) to remove all miscellaneous and illegal taxes; and (3) to suppress opium and gambling. The government, he said, was resolved to carry out these steps and plans were being carefully considered towards this end.

A proclamation was issued Aug. 6 by T. L. Soong, Commissioner of Finance, forbidding the circulation in Kwangtung of Kwangsi banknotes. The ban was imposed on the ground that the Kwangsi authorities recently imported an enormous amount of new banknotes, which, although seized by the Customs officials at Wuchow, had been taken away by force by the Kwangsi authorities.

Feng Jui, director of the Agricultural Bureau of the Kwangtung provincial government, has been detained in the military headquarters for investigation concerning charges filed by farmers in various parts of the proivnce, according to *Reuters*.

Tan Pei-yuan, staff correspondent of the *Chung-yung News Agency*, who was imprisoned by General Chen Chi-tang, the deposed Kwangtung leader, for the past two years, was released Aug. 9 by order of General Yu Han-mou.

72 JAPANESE WARSHIPS ASSEMBLED IN AMOY WATERS

While 72 Japanese warships, including submarines and an aircraft carrier, are anchored off Amoy for unknown reasons. Admiral Chen Shao-kwan, Minister of Navy, has sailed from Nanking for Fukien and Kwangtung, passing through Woosung Aug. 7, according to a report in *Shanghai Times*. The Admiral is travelling in one of the three biggest Chinese gunboats, the *Ninghai*. He will stop at Amoy and go later to Canton, where he will meet Chen Chi-liang, Vice-Minister of Navy, who is in Kwangtung. The presence of the Japanese armada in Fukien waters has been the subject of conflicting reports. While one report says that the Japanese warships are to hold elaborate naval manoeuvres, another states that the fleet will soon leave Amoy for Japanese waters by way of Ma Kung Island. The Japanese awrships arrived in Amoy in several groups over a period of days and most of the high officers of the fleet have been ashore.

With peace and order restoraed in Canton, the Japanese warship *Kanae* left there Aug. 8 for the Mako Naval Station, in the Pescadores. The warship arrived at Canton July 21.

KAWAGOE ORDERED TO NORTH CHINA TO PROBE NANKING ACTIVITIES

Shigero Kawagoe, Japanese Ambassador to China, was instructed Aug. 8 by Hachiro Arita, Foreign Minister, to leave Shanghai in the middle of this month for an extensive tour of North China, accordnig to a *Domei* repoit. The diplomat's task in the north, Gaimusho officials revealed, will be two-fold: to confer with high Japanese military and diplomatic officials regarding the materialization of Sino-Japanese economic co-operation, and to make a thorough study of the reported underground moves of the Nanking Government to strengthen its grip on the northern leaders. Tokyo Political circles, commenting on Mr. Kawagoe's trip, said that Gen. Chiang Kai-shek, having brought the South western crisis to termination, is now seeking to exercise control over Prince Teh, Chairman of the Mongol Autonomous Council; Gen. Han Fu-chu, Chairman of Shantung; and the Hopei-Chahar Political Council.

The impending visit of S. Kawagoe, Japanese Ambassador to China, to North China was regarded by the *Shanghai Nippo* Aug. 10 as the first step towards the inauguration of Sino-Japanese economic co-operation in the northern provinces. Mr. Kawagoe, the journal said, is known as an ardent advocate of economic, as contrasted with political, collaboration. "The most important factor in the rehabilitation of North China is the improvement in its communications." "Railways", the paper went on, "have always been regarded as a superior investment. For this reason, the development of communications in the north is an issue that should be given first attention". Before there can be any co-operation, the journal asserted, several fundamental political reforms are necessary. Among these, one of the most important is the strengthening of the Hopei-Chahar Political Council. "The Council," the *Nippo* said, "was established in view of the special features of the northern administration. Its first duty is to maintain and safeguard the special status of the region. This, however, does not signify a break with the Central Government. China, needless to say, retains sovereignty. The only requirement is for the authorities to appreciate the special characteristics of the onrthern situation. As long as the anti-Nipponese agitation is continued in the north, we must insist that the authorities do not understand North China's special features."

According to information from authoritative Chinese sources in Shanghai, the Japanese Government have recently presented three new demands to Nanking, which are reported to be as follows:

1. All surplus customs revenue in North China after meeting the foreign loan service obligations be retained in the North and not remitted to Nanking.
2. The Chinese import tariff be reduced as a condition for the suppression of smuggling.
3. A new airline be opened between Shanghai and Fukuoka.

Decision to maintain a strict which over the activities of the Central Government in North China was reached Aug. 7 at a three-hour meeting of the Ministers of War, Navy and Foreign Affairs, reported *Domei*. Hachiro Arita, Foreign Minister, informed his colleagues, Gen. Count Hisaichi Terauchi and Admiral Osami Nagano, that there were "signs of Nanking's renewed activities in the North". He also emphasized the necessity of co-operation among the three departments in protecting Japanese vested rights in North China.

"SHANGHAI MAINICHI" SEES SINO-JAPANESE WAR INEVITABLE

Commenting on the report that many high military advisers from the U.S.S.R. will be employed by Nanking, as well as scores of instructors from Germany, for the strengthening of national defense, and the expansion of the Airforce to 3,000 planes within the next three years, the *Shanghai Mainichi* in an editorial Aug. 10 emphasizes that the object of these preparations is, of course, Japan. By preparing for war against Japan, the Nanking Government is completing the unification of the country. "Since last year, we have often received reports concerning the strengthening of defence works in the Yangtse Valley, especially in the region of Chungking, Szechuan, which is regarded by Nanking as the last fort of the National Government. However, we do not believe that the National Government will be in a position to wage war against Japan before the country becomes unified". Dwelling on the preparations taking place in diplomatic procedure for resistance against Japan, the Japanese daily further points out that all means are being taken by Nanking to secure closer connections with Great Britain, the United States, the U.S.S.R., and Germany, in order to check the activities of Japan. In conclusion, the paper emphasizes, that China as a modern nation, following the elimination of the feudal militarists, will inevitably wage a war against Japan.

SUIYUAN SITUATION CRITICAL AS JAPANESE PLAN INVASION OF PROVINCE

The arrival of two regiments of Japanese troops at Changpei, northwest of Kalgan, has caused increased tension in eastern Suiyuan. Communication between Suiyuan and Chahar appears to have been interrupted. Troops of General Li Shou-hsin, the pro-Manchukuo commander who seized six districts in northern Suiyuan last winter, are at present remaining in Shangtu, near the Suiyuan border. News of happenings in North Chahar is very difficult to obtain as the Japanese military authorities in Kalgan are refusing permission to all foreigners, and even to some Japanese, to travel to Changpei from Kalgan. General Li Shou-hsin's troops were recently reported to have delivered two attacks on Suiyuan garrisons near Taoling, the first on July 30 and the second on August 2, but each time they were repulsed.

Central News reported Aug. 10 that large numbers of irregular troops have been massed at Kunghuichun, five miles southwest of Changpei, Chahar. Ta-Fei-Ling-Su-Lung, Mongolian chieftain of the Chenghuang banner in, is rumored to have been kidnapped and murdered by bogus troops. Reports from Kweihua state that a batch of about 300 irregular troops appeared at a point north of Yangkao line in East Suiyuan on the night of Aug. 7, but were immediately repulsed by Suiyuan troops. "Manchukuo" troops under Li Shou-hsin, according to the report, are still stationed at Shangtu and Tehhua on the Chahar-Suiyuan border. Prince Teh is understood to be still at Puchiassu, the new seat of the Mongolian Local Autonomy Political Council for Chahar.

A major offensive against East Suiyuan by the so-called "Mongolian Froniter Self-Defense Corps" under the command of General Li Shou-hsin, a "Manchukuoan" commander of irregulars in Northern Chahar, is now expected at any moment, according to *Shanghai Evening Post* Aug. 10. Large forces are being mobilized along the East Suiyuan border while another detachment under the command of General Chang Hai-peng, another "Manchukuoan" militarist, is said to be arriving in Shangtu in Northern Chahar to reinforce the Li troops in the projected drive. Japanese assistance in the latest invasion to carry out a plan to completely occupy the Inner Mongolian territory is freely suggested in reports from Peiping. The attitude of Prince Te, most influential Mongolian leader in Northern Chahar, is causing much speculation. It is rumored that he is the actual leader of the "Mongolian Frontier Self-Defense Corps."

Honan Min Pao reported Aug. 6 that Japan has subsidized Prince Teh of Inner Mongolia with an amount of $150,000 per month, in order to develop the mines in that area.

Lib Pao reported that a Japanese plane was seen flying along the Peiping-Suiyuan Railway Aug. 10.

"SHANGHAI NIPPO" ON THE PEOPLE'S FRONT IN CHINA

The *Shanghai Nippo* commented Aug. 8:

"A new tide of anti-Japanese movement is appearing in China. Apart from the anti-Japanese movement of the Kuomintang Government, a new anti-Japanese movement is taking root in the mass organizations. First of all, we may point to the People's Front movement under the leadership of Chang Nai-chi and others. It is a well-known fact that Nanking gave some assurances to the leaders of the people, when Mr. Chang and others visited Nanking, and appealed to the Kuomintang leaders to declare war on Japan immediately. The People's Front movement is ever widening and deepening among the various stratas of the masses of China. The recent activities of the Associations for Prohibition of Smuggling, the anti-Japanese and National Salvation groups, and the anti-Japanese cultural organizations, might show the future of the People's Front movement".

Mr. Chang, it may be remembered, recently resigned or rather was forced to resign his posts as Assistant Manager of the Chekiang Industrial Bank and Director of the Bankers' Co-operative Credit Service. Prior to his resignation, Mr. Chang wrote a series of articles urging strong strong action by the Government to save North China and to recover the lost territories.

ANTI-YIN MOVEMENT BREAKS OUT AT TANGSHAN

A movement aiming at the downfull of Yin Ju-keng, head of the bogus East Hopei Autonomous Council, has broken out at Tangshan under the leadership of a military unit, known as "Anti-Yin Autonomous Army", according to Col. Imai, Japanese Military Attache, Aug. 7. The irregulars which recently created disturbances at Tangshan and its vicinity, Col. Imai said, have already been dispersed.

A "reign of terror" exists in Fungshun, east of Tientsin in the demilitarized zone as a result of the appearance of more than 200 bandits all fully armed. More than 100 houses have been ransacked and burned down, while sereval victims carried away for ransom. The roving brigands have also been operating in other adjacent district.

The Hwa Hsin Cotton Mill, the best of its kind in North China, has now finally been taken over by the Japanese and is now under the control of the Japanese garrison in North China, reported *Sin Wan Pao*, Aug. 5.

Shanghai Nichi Nichi reported Aug. 7 that an order was recently issued by the National Government prohibiting of the export of waste cotton and silk. Delegates were sent by Japanese commercial circles to the Japanese Consulate to appeal to the latter for its mediation with Nanking that the order should be cancelled.

A bomb was tossed into the plate-glass window of the Chungyuan Company, Peiping's largest department store, by an unidentified person, at 4.50 a.m. Aug. 9, according to *Domei*. The explosion caused serious damages to the interior of the store, although there were no casualties.

The Japanese "Blackmail," "Kidnapping," "Secessionist" Activities in North China

BY C. Y. W. MENG 孟昭泳

ONE of the most mysterious kidnapping cases ever to occur in the old capital took place Aug. 4 when Mrs. Chu, wife of Chu Shao-yang, former Chinese Charge d'Affaires in Moscow and the Chinese Minister to Finland, was "blackmailed" by three kidnappers, and was carried off to an unknown destination. The report given by the *Central News* Agency was not quite exact. The following account (*Shun Pao*, Aug. 6) is more reliable:

At 8 o'clock in the morning of August 4, three men—two "Japanese" and one Chinese—all dressed in blue long gowns, suddenly appeared at the doors of Chu's residence by producing their name-cards to Chu's chauffeur. On the cards, there were such words as "Requested by the Headquarters of the Kwangtung Army (Japanese) 關東軍司令部囑託"; "Requested by the Ministry of War of Manchukuo 滿洲國軍政部囑託"; "By General Tada 多田等觀." These men insisted that they wanted to see "General Chu;" the chauffeur replied that the residence was not that of General Chu but that of former Minister Chu. These three men said that they would like to see the former Minister Chu. They were finally led to the reception room, but were told that Mr. Chu was sick and was unable to receive any guests. But the three men insisted that they must see Mr. Chu. The former minister was obliged to come down to see the guests in spite of his illness.

In the course of conversation, the three men said that Chang and Li (names of two persons) who were recommended by Mr. Chu when he was the Minister to Finland committed some crimes, so the Headquarters of the Gendarmerie "had despatched them to see him (Mr. Chu) with instructions that the former Minister to Finland should go with them to answer questions." Mr. Chu denied emphatically there was ever such a case. The conversation lasted quite long but without any result. Mrs. Chu, hearing the conversation, and apparently alarmed, notified by telephone the police station which immediately despatched a police official to Chu's residence.

By producing pistols and by threatening to kill all of those present, the three men succeeded in confining all the people there including the police official, to one room; then they began to demand that Mr. Chu should go with them. But Mrs. Chu, seeing that her husband was still sick, volunteered to go with them instead. The three men then carried off Mrs. Chu in Chu's own car (license no. 473) which was standing at the gate, and drove westward. The case was reported to the mayor of Peiping, who despatched the Councillor to conduct a joint investigation with the Director of the Public Safety Bureau. At the same time, the Japanese police authorities were also notified of what had happened, but they denied knowing anything about it, but promised to send officials to conduct the investigations with the Chinese.

On discovering that the car was driving to Changping Hsien 昌平縣, the magistrate of the Hsien was immediately notified and instructed to stop the car. But about 8 li (little more than two miles) from Changping Hsien, near the Shi Sar Village 西沙邨, the motor car was abandoned in a pool. The chauffeur was badly injuried, having broken his left leg, while the three desperadoes, who were uninjuried, carried off Mrs. Chu. At 2 o'clock in the afternoon, the chauffeur reported the case to the Changping magistrate office. Police officers were immediately despatched to Shi Sar Village. But before reaching the village, in a tea shop in Pei Fu Village 白浮村, near Shi Sar Village, two of the desperadoes were arrested. On examination, it was found that the other desperadoes had carried Mrs. Chu together with one villager to catch the train. The two desperadoes, so arrested, were carried to Shi Sar Village. On araival, the police met the third desperado who was escorting Mrs. Chu with him, and who was armed. Instead of surrendering himself, the third desperado opened fire, thus a gun battle ensued, but he was finally arrested. On search, two pistols were discovered.

On further investigation, it was found that all these desperadoes stayed in Rooms 28 and 29 of Shi An Hotel 西安旅館 situated on Shi An men Tai Chien 西安門大街, (Peiping), The hotel was immediately visited by the police. It was further discovered that the occupants of these two rooms were two Japanese, named Katoasage 加藤朝司, and Oariyeiche 大有永一, and the other a Chinese, named Yi Po-ven 彥博文, aged 28, accompanied by a young lady 18 years old. On questioning, it was found that the occupants were opium-smokers, and had left the hotel on the evening of October 3, and had never returned. The young lady was later on found in a Korean opium den and was arrested.

In view of the fact that all three desperadoes and the accomplice were arrested, there should be no difficulty for the authorities to unearth the whole plot, if a fair trial, free from the interference of the Japanese authorities and militarists, could be held. But such is apparently quite impossible. According to the report from the *Central News Agency*, the two Japanese desperadoes were immediately handed over to "certain quarters", of course, meaning the Japanese quarters. How Japanese justice will treat these desperadoes, we may never know. Experience tells that it is not infrequent that such law-breakers are sent back to Japan, where they are released.

As stated above that the name cards produced by these desperadoes at the doors of Chu's residence, bore words indicating connection with the Japanese militarists and Japanese military headquarters. So far as we can see, it is more than necessary for them to issue some statments to clarify their position. But so far up to now (August 9), no such statement has been issued.

For "Ransom"—or Another "Political Kidnapping?"

This is not the first time for us to hear of the kidnapping of Chinese leaders by the Japanese plotters and desperadoes. It is recalled that Henry Pu Yi, the Ex-Emperor of China, was also "kidnapped" by the Japanese plotters and militarists, and was carried off by them to Manchuria—much against his own will, —where he is the Japanese puppet in Manchuria today. When the Japanese militarists were plotting to set up another "puppet government" in North China, General Tuan Chi-sui, an aged leader of the Anfu-clique, left Tientsin, and is now staying in Shanghai or sometimes in Hangchow. It was very clear that the old Anfu leader was afraid that history might repeat itself and that he might also be "kidnapped" by the Japanese militarists and plotters to head the so-called "Five Province Autonomous Government in the North." Recently, Admiral Sar Ting-ping, China's oldest living admiral and the leader in Fukien, had also left Foochow, and taken took up his residence in Nanking. The reason for the change of his residence is the same as that of General Tuan. That is, in view of the rampancy of Japanese "subversive" "secessionist" and "autonomous" activities in Fukien, the Admiral thought it was more advisable for him to leave his native land and to take up his residence in the Capital. Whether the attempted kidnapping of Mr. Chu and the kidnapping of Mrs. Chu is one of the ordinary kidnappings to hold for ransom, or blackmail to extort money; or is another "political kidnapping" to help-up another Chinese leader who conducted the Sino-Russo negotiations before, we not know. But, at any rate, it is very clear that Peiping and Tientsin, once the capital, and now educational, cultural and commercial centers of China, have now not only become places where every form of immorality is practiced, and many other forms of illgeal activities are permitted, but also the most "unsafe places" for the residence of Chinese leaders. Due to the Japanese, the authorities on the spot can only stand and look, but can do nothing about the situation. The same situation exists in other parts of China where the Japanese also dominate, such as the Province of Fukien.

The "Secessionist" Activities in Peiping

Although on the surface things appear to have become quieter in North China during recent weeks, and there have been no serious incidents or resulting demands, it would be a mistake to assume that the situation has become any easier or more stable. Underneath the surface the tension is greater than ever, and behind the scenes the same pressure and counter-resistance are going on. With steady persistence the Japanese are pursuing their policy aiming at the "practical separation of the North"; headed off in one direction, they pursue some new "method." The recent threatening outburst from Tokyo on the state of affairs in North China need not be taken too seriously. Reading between the lines of interviews with Japanese military persons in Peiping, it was nothing more than an outburst of impatience at the slow pace at which matters are proceeding. No less than 12 "Japanese adversers" are now employed by the Hopei-Chahar Political Affairs Council—an organ of more "decorative" nature than practical administrative function. Japanese advisers will be also attached to the 29th Route Army, at least one to each battalion—the only Chinese army in North China. It must be pointed out that "adviser" in this case is not one who "advises," but one who actually "controls," "supervises," and "rules," while the employer of the adviser is "a man who can do no wrong."

Nanking, Aug. 8, 1936.

Why I Buy Lottery Tickets

BY T. S. YOUNG

SOMETIME ago an enterprising local cinema house offered a cash prize to any one who could write the best short essay on the subject of "What would I do, if I had a million dollars?" The contest proved a very popular one, and hundreds of Shanghailanders burned their night oil in writing down their imaginations of the ways and means to spend their respective million dollars. The ways and means, we have been subsequently told, were many and varied, but, in nine out of ten cases, the owner of this "imaginative" million dollars invariably gave high promises of making such good use of his "fortune" as to make big contributions to some philanthropic or charitable or cultural cause, even to the exclusion of his personal interests and welfare. It sounds rather unbelievable that in this world of egoism, there should be so many people with altruistic motives. The world would indeed become a better place to live in, if the wealthy people in real life could but have one fraction of these altruistic thoughts, and give a little consideration to the misfortune of their less fortunate fellow human beings.

Hypocrisy seems to pervade throughout this modern world, and human beings are disposed to appear under the disguise of virtue and magnanimity. Personally, I do not hesitate to say that if I ever came to a million dollars, I would spend a large part of this wealth in satisfying my lust and hunger for personal pleasure and comfort, and leave a small part to my children for them to spend. Why should I say otherwise? Because this is the only logical way of disposing of one's fortune as generally practised by every rich man. Any other ways, different from this one, are both illogical and extraordinary, and the persons practising them will be invariably subject to criticisms and charges of insanity. Recently, an aged Soochow lady contributed all her possessions to famine relief funds; and as her example has been very unusual, she has since been looked upon as an ecentric. Self-interest, as a matter of fact, is yet a strong human instinct, and even a man with a true philanthropic turn of mind can not be expected to forget his dear self and his children altogether.

What interests me is not what I would do with a fortune but how I can secure one. Having been born with no silver spoon in my mouth, I can not enrich myself with any inheritance and lead a care-free life from the cradle to the grave. Having sought in vain any inside pull of officialdom, I can not obtain a key to the government services and seek an easy political fortune. Being blessed with no "school queen" or "social star" as my wife, I can not rely upon my wife to play my "game" by virtue of her beauty and charm. Thus I have to paddle my own canoe in the wild ocean with the vain hope of reaching some "Treasure Island." This "Treasure Island" has always appeared to me in one form or other in my imagination, and I have tried to map out various courses to reach that uncharted destination even in my dreams. But in spite of my diligent search and painstaking efforts, I am still drifting in the wild ocean with no better prospect of success than at the beginning of my life's journey.

When times are hard and money is scarce, the desire to gain is all the more acute. The old adage that a pagoda can be built with the accumulation of sand does not appeal to the psychology of modern men, because they believe in quick "production" as if to keep with the tempo of this mechanical age. They become impatient at the slow advancement of their career by engaging in legitimate business, and turn their thoughts to the exploration of some short-cut ways, by which they can become immensely rich overnight. They pray before the God of Fortune with increasing piety with the fervent hope that by the help of God they may be endowed with the uncanny power of converting everything they touch into solid gold. Thus when the rich-hunger people have given way to speculation and gambling, it is only natural that lottery has become a very popular short-cut way to fortune.

How to Seek a Fortune

As a short-cut way to fortune, lottery makes no discrimination between the rich and the poor. The old saying that the God of Fortune has always smiled on the rich can not cool down the enthusiasm of the poor, who make believe that they have the same chance to win as the rich. Though the chance to win is one out of many millions, yet the temptation is so strong, that the frailty of human nature can not be expected to resist its thrust. Who would not take a chance to win a small fortune by merely spending a paltry sum of one dollar, although this dollar may represent many days of savings to the poor people? To gamble is but human, and so many of our people are ready lead a hard life so as to save something to gamble with.

I have never missed a single issue of the lottery tickets. Although I have never had the pleasure of winning even a small prize, I, nevertheless, have always contended that where is a will, there is a way. If this time-honored proverb has made many men great and successful, there is really no reason why it can not make me rich. Besides, I have been under the impression that if I keep up my faith in the lottery, the God of Fortune can not be so callous as to continue to turn his back on me. During the past two and one-half years, I have virtually lived on unbound hopes and wide expectations, have built many magnificent "castles in the air," and have committed many absurdities, which I would never have done, had my senses not totally given way to the lust for riches.

In my eagerness to secure a fortune, I have spared neither pains nor expenses to search for the lucky number of every issue of the lottery tickets. I would walk street after street and visit ticket-dealer after ticket-dealer to scan closely thousands of numbers in order to pick out one which would appear to my mind's eye as the most attractive one. Sometimes, I would spend the whole Saturday afternoon in visiting the ticket dealers for making this indefatigable search. As to what constitutes a lucky number, I have not had a slight idea myself. I have been fully aware that this process of selecting a number is ludicrous, but I can not rest satisfied without going through such an ordeal every time I purchase a ticket. In spite of the fact that my efforts have never been repaid with any success, I have repeated this process every month without rhyme or reason.

A Victim of Superstitions

In proportion to my eargerness to win a fortune, I have become a victim of superstitions. I have invoked the assistance of my ancestors to give me a dream, in which I could see the lucky number beforehand. I have frequented the temples and prayed wholeheartedly with the profuse promises that if I could win a big prize I would contribute generously to the building funds for new temples. On the birthday of the God of Fortune, the fifth day of the first moon, I have burned a double portion of incense and joss money in the hope of currying favor. I have even gone so far as to consult fortune-tellers and solicit their advice as to which would be the lucky number. In a word, I have become no longer a rational human being, and have cut a very ludicrous figure in the eyes of my family members.

I, however, have found that many other people have been even more superstitious in their attempt to win the lottery. We have often read in the newspapers big advertisements offering a high price for a lottery ticket bearing a certain number. We have been told that nowadays fortune-tellers have done lucrative business by giving tips on the lottery drawing to the public. Prompted by the desire to gain, the people as a whole have become superstitious and sought spiritual guidance to lead them to fortune.

Every time when the day of drawing comes, my heart throbs with great expectations and unbounded hopes. I am apt to forget business engagements and appointments, when my whole thoughts are engrossed with the possible result of the drawing. As soon as the result of drawing is out, I will snatch the first copy of the prize list and go through the numbers with throbbing heart and trembling hands many times over, before I can convince myself that my number is not on the list of lucky numbers. It is needless to say that for the first time in one month, my hopes will be shattered to pieces, my "castle in the air" will collapse, and and a feeling of acute disappointment will run through my veins. But this disappointment will soon be overcome by new hopes, as I make-believe that I will certainly be more fortunate in the next drawing.

Thus, as long as the issue of lottery tickets continues, so long I will be able to live on hopes. These hopes, although the possibility of their realization is very remote, have yet made my life more interesting and my outlook more bright than otherwise. Sometimes I tend to think that had I won a big prize, I might have not got as many "kicks" out of my life as when I was continuously living under illusion. It is indeed a paying business proposition to spend one dollar every month in buying so many hopes—hopes that can drive away our business and political worries, and enable us to look at our future with optimism. As the lottery can give us hopes, so it has a very good raison d'etre, especially at a time when we have been met with despair and disappointments—on all sides.

British Bank Note Printing Co. Profits from China Going Off Silver Standard

At the annual meeting of Messrs. Thomas De La Rue, in London July 15, the Chairman S. S. Lamert, stated *inter alia* that great expansion in security printing had taken place, arising out of the fact that China went off the silver standard, withdrew her silver coinage, and, in consequence, immediately needed a large number of notes. As the De La Rue company was in a position to supply what the Chinese Government wanted it obtained a substantial share of this work.

Nanking Divided on Question of Inheritance Tax Collection

While the proposal for the imposition of the inheritance tax is understood to have been approved by the Central Political Council, divergence of opinion still exists between the Ministry of Finance and the Legislative Yuan regarding the scope of the tax. The Ministry of Finance is reported to be of the opinion that death duty should only be imposed on the property of the deceased; whereas members of the Legislative Yuan insist that an assessment should also be levied on the income of inheritance in addition to the death duty. According to Lin Cheng-tung, member of the Finance Committee of the law-making organ, double taxation on inheritance will yield more revenue—which may be used for the readjustment of the national financial structure.

No New Organs to Collect Income Tax

Detailed regulations governing the enforcement of the income tax have been submitted by the Direct Taxation Preparation Office to Dr. H. H. Kung, Minister of Finance, and will be promulgated by the Executive Yuan early in September, it was reported in Nanking Aug. 6.

In collecting the income tax the existing machinery provided by the financial departments and bureaus of the various provincial and municipal governments will be utilized and no separate organs will be set up for the time being, it was revealed in Nanking Aug. 6.

Double Taxation in South China Is Abolished

A proclamation has been issued by the Consolidated Tax Bureau for the Kwangtung-Kwangsi-Fukien Area announcing that all commodities which have already paid the consolidated tax in Shanghai will be exempted from double taxation. A meeting for the abolition of the exorbitant levies and miscellaneous taxes was convened by T. L. Soong, Provincial Commissioner of Finance for Kwangtung, at Canton, Aug. 6.

Nanking Denies Loan Reports

A formal denial was made Aug. 4 by a responsible spokesman of the Ministry of Finance regarding reports to the effect that the Chinese Government has requested the authorities of Belgium, Britain, America and Japan to extend a joint loan to the Nanking Government.

Japanese Plan Huge Financing Organ in Shanghai

Establishment of a Japanese financing organ, capitalized at Yen 10,000,000, was discussed last week by leading members of the local Nipponese community with Yutaro Tomita, Financial Commissioner in London, and Minoru Inamori, a secretary of the Tokyo Treasury, the *Shanghai Nippo* reported. The discussion followed a dinner, given in honor of the two officials by representatives of the Federation of Amalgamated Japanese Street Unions, the Industrial Association, the Federation of Real Estate Owners and the Rehabilitation Fund Council of the Japanese Residents' Corporation. The two officials arrived in Shanghai on July 28 from North China, and after a brief stay proceeded to other cities of Central and South China, before returning home late this month.

"Big Dollar" System in Canton to Be Introduced Sept. 1

The financial authorities in Canton, have decided to introduce the "big dollar" system in Canton as from Sept. 1. The change, it is stated, will begin with the payment of government salaries in national currency and then the collection of taxes on the "big dollar" basis.

A proclamation was issued in Canton Aug. 5 by T. L. Soong, the Commissioner of Finance, forbidding the circulation in Kwangtung of Kwangsi banknotes.

Kwangtung Expenditures Set at $20,344,038

The total estimated expenditure of the Kwangtung budget for the 25th fiscal year has been fixed at $20,344,058 at a recent financial conference summoned by T. L. Soong, Commissioner of Finance of the province. Of this amount, military expenses occupy $6,408,744.

Hunan Wants Loan to Made Up Deficit

The Hunan Provincial Government has requested the Ministry of Finance for permission to arrange a loan of $2,400,000 from the Central Bank of China and the Agricultural and Industrial Bank of China. The proceeds of the loan will be used to make up the province's budgetary deficit incurred during the last fiscal year.

Gen. Yu Hsueh-chung, Chairman of the Kansu Provincial Government, proceeded from Sian to Lanchow, provincial capital of Kansu, by airplane Aug. 7. Interviewed, General Yu said that the Kansu Government is faced with a deficit of $1,000,000 this year. Besides reducing the expenses of the various military and civil organs, the Kansu Government will be given a monthly subsidy of $50,000 monthly by the Central authorities towards making up the deficit.

Provincial Mints Ordered to Hand Over Administration to Central Mint

In order to centralize control over the country's coinage, the Ministry of Finance has instructed the local mints at Hangchow, Wuchang, Chungking, Chengtu, and Lanchow to turn over their administration to the Central Mint. Representatives of the Central Mint have been despatched to these cities to inspect the machinery and other properties of the mints and to devise suitable measures for their reorganization.

Ministry Asks That Tung Yih Trust Co. Return Deposits to Clients

The Ministry of Finance in a communication to the Shanghai First District Court this week asked that the Tung Yih Trust Company of Shanghai, which has gone into liquidation, be ordered to return all savings deposits to their clients in accordance with law.

T. L. Soong Flies to Kuling to Report to Dr. H. H. Kung

T. L. Soong, Finance Commissioner of the Kwangtung provincial government, flew to Kuling Aug. 11 to report to Dr. H. H. Kung, Minister of Finance, on the work of financial rehabilitation in Kwangtung. Mr. Soong returned to Canton the following day.

New York "Journal of Commerce" Recommends China to Observe Financial Retrenchment

The New York *Journal of Commerce*, in an editorial Aug. 8 discussing China's budget for the coming fiscal year, commented:—"The most effective means of balancing China's budget, will be to curtail administrative expenditure and reorganize governmental business enterprises . . . If the Chinese government adopts a policy of financial retrenchment, her position would be materially strengthened to control her new managed currency."

China Merchants Steam Navigation Co. to Build Twenty-six Steamers

Plans have been completed by the Ministry of Communications and the China Merchants' Steam Navigation Company for the construction of twenty-six coastal steamers within six years and at a total cost of $30,000,000, according to information from the Communications Ministry in Nanking Aug. 5. These steamers, which are to ply the China coast when ready, will be of 2,000 to 3,000 tonnage, with the exception of one, which will be of 5,000 to 6,000 tonnage and will sail between China and the South Seas. The China Merchants, it is stated, is also making arrangements with the Ministry of Navy for the inauguration of a regular passenger and freight service between Amoy and Manila. Although overburdened with a debt of no less than $40,000,000, the China Merchants Steam Navigation Company, under the able direction of its General Manager, J. K. Choy, was able to report a profit of over $1,000,000 for the last year.

Increase of Japanese Investments in North China

Citing examples of the increase of Japanese capital in North China industry and finance, the *China Times* in an editorial Aug. 7 called the attention of the public to Nippon's recent investment activity in this country following the strengthening of her so-called economic co-operation policy here. In heavy as well as light industries, the journal pointed out, Japan's investment activity has manifested itself. In heavy industry, we see the development of mineral resources in North China, the establishment of new iron and steel factories and the expansion of dyeing plants and salt refining business. In light industry, there are the monopoly of cotton and textile goods, the establishment of factories dealing in artificial silk, porcelain and glass.

In the money market also, the paper noted, the proposed expansion of the Formosa Bank in North China, and the rumored circulation of Japanese notes are among Japan's recent economic activities.

The journal believed that the increase of her investments will be followed by the expansion of the goods market in Japan's economic activity in China.

Based on the information gathered by the Kwantung Army authorities the daily pointed out that for four years ended in 1935, Japan's investment in the Northeastern provinces, now Manchukuo, amounted to $778,444,000, which, it said, will serve to prove the above fact. However, the journal continued, the economic relation of China and Japan in recent years as a whole has not come up to the satisfactory point as desired by Japan.

Six British Seamen Sentenced in Hankow for Insubordination and Assault

Six British firemen of the Bank Line steamer *Lucerie*, which arrived in Hankow recently from Australia, were brought before the British Consular court in Hankow Aug. 6, on charges relating to insubordination and assault. The prisoners were given sentences ranging from four to twelve weeks' imprisonment. They were conveyed to Shanghai under naval guard. The Captain and the Chief Engineer of the *Lucerie* both testified that "while these men were aboard our lives were unsafe." The prisoners, they said, were "undisciplined Liverpool Irishmen," frequently drunk on duty, and their "mutinous activities" included assaults on the Chief Engineer and the cook, and also an attempt to throw the Chief Steward overboard. Two other members of the crew were tried, but were acquitted.

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Recent Appointments and Movements in Chinese Official Circles

The Ministry of Foreign Affairs Aug. 7 appointed Dr. Philip K. C. Tyau, Chinese Consul-General in Singapore, as the new Special Commissioner for Foreign Affairs for Kwangtung and Kwangsi to succeed Kan Chieh-hou who has been relieved of his post.

General Chang Fah-kwei, former Commander of the "Ironsides" Army and now Commander of the bandit-suppression forces for the Chekiang-Fukien-Kiangsi border, has resumed his duties at Kiangshan.

The Headquarters of the Kwangtung Naval Squadron has been reorganized into the River Defence Headquarters for Kwangtung. Rear-Admiral Chang Chih-ying, Commander of the Kwangtung Naval Squadron, assumed his new office as Commander of River Defence Aug. 5.

Dr. Wang King-ky, the newly appointed Chinese Minister to Sweden and Norway, will sail from Shanghai for his new post at Stockholm on Aug. 19 aboard the s.s. *Gneisenau*, according to information from the Ministry of Foreign Affairs.

Pan Kung-chan, Director of the Bureau of Education, was appointed by General Wu Te-chen, Mayor of Greater Shanghai Aug. 5 as acting Director of the Bureau of Social Affairs, to succeed Wu Hsing-ya, who died at Kuling Aug. 4.

Lieut.-Gen. Huang Jui-kwang, until recently Commander of the Kwangtung air force, was appointed Aug. 6 by the National Government as principal of the Central Aviation Academy in Hangchow. Captain Chen Chin-yun, the incumbent principal, was relieved of his duties in a separate mandate issued by the National Government the same date.

Lin Yun-kai, former Chairman of the Kwangtung Provincial Government and newly-appointed Chairman of the Mongolian and Tibetan Affairs Commission, arrived at Kuling Aug. 4 from Shanghai by airplane.

Lieut.-General Huang Kwang-jui, until recently Commander of the Air Force stationed in Kwangtung, and Lieut.-General Chou Chih-jou, Director of the Administrative Office of the Aviation Commission arrived in Nanchang from Hangchow Aug. 4.

In accoradnce with the revised Law governing the Organization of the Ministry of Interior, Li Sung-feng, Director of the Police Department of the Ministry, has been appointed Inspector with Chien-jen (2nd) rank. Feng Yu-kun, Dean of the Hangchow Police Training Institute, is transferred as successor to Li.

Chinese Terrorists Alleged to Be Implicated in Wang Attack and Japanese Assassinations

Eight Chinese, alleged terrorists were arrested last week by Louza Station detectives on suspicion of being professional bombers and racketeers. The alleged gang is said to have been responsible for a series of bombings in the Settlement in 1932, 1933, and 1934 and it is considered possible that they were also connected with the murderous attack on Wang Ching-wei and other political crimes.

The eight men in custody are said to have confessed having bombed a large number of Chinese shops dealing in Japanese goods in the Settlement. Their alleged method of operation has been to make threats in the name of patriotism and then attempt to collect tribute or "hush" money from the shopkeepers. If money is refused, one of the members of the gang throws a bomb at the shop. In many cases, it is reported, heavy tribute has been paid rather than incur the wrath of the gangsters.

Wang Teh-min, leader of the band, charged with the bombing is being examined by the Special Political Section of the Shanghai Municipal Police on suspicion of being involved in the murder of Mr. Kayau. This man, according to the *Shanghai Mainichi*, is known to be a follower of "Hsiao Kwangtung," now being tried for the assassination of Warrant Hideo Nakayama, on Darroch Road on Nov. 9 last.

Allegedly charged with complicity in the attack on Wang Ching-wei, the then President of the Executive Yuan, in Nanking on Nov. 1 last, and the assassination of Kosaku Kayau, a Japanese sea-food broker, on Chi Mei Boad on July 10, a Chinese youth was arrested on the night of Aug. 8 by the Settlement and Chinese Police, the *Shanghai Mainichi* reports. The information that led to the detention of the youth was supplied, according to the journal, by Cheng Shao-cheng, a former colonel in Gen. Feng Yu-Hsiang's Army, who was arrested at the roof garden of the Sun Department Store on Aug. 4. Cheng was held on a suspicion of having been involved in the attack on Mr. Wang, on information supplied by the Shanghai-Woosung Garrison headquarters.

Domei stated Aug. 9 that detailed reports on the trial of the suspected assassins of Warrant Officer Hideo Nakayama had been made to the Federation of Amalgamated Japanese Street Unions by the organization's Chairman, Hikaru Kondo, and its honorary president, Yukichi Hayashi.

The *Mainichi* Aug. 5 stated that secret meetings are being held by both the Central Headquarters and the Municipal Headquarters in Shanghai of the Kuomintang, to discuss questions concerning the Nakayama case. Direct connections between the Kuomintang organizations and the assassins have been clearly revealed, the paper alleged.

Kwantung Army Creates New Manchukuo Party, "Hsieh-Ho-Hoi"

BY THE REVIEW'S HARBIN CORRESPONDENT

THE Japanese military authorities are now bending their efforts to introduce into Manchukuo the system of "one political party administration," in the manner of the dictatorships now existing in Europe and elsewhere. Evidently, it is thought that the four years of the military administration of Manchuria is a sufficiently long period for introducing, and without any misgiving as to its possible results, a system which would as nearly as circumstances will permit the regimes existing in Italy and Germany. The political "party" through which the Manchukuo authorities mean to get a closer contact with the bulk of the population and to lead it into the arena of politics, of course, along the channels indicated by the Kwantung Army, is the so-called Hsieh-Ho-Hoi (in Manchu language) or the Kewakai (in Japanese language), which may be translated into English as "The Society of Union and Peaceful Cooperation."

If the present campaign in the official press, describing the organization and aims of the "Society," be taken as indicating a true position, then the Hsieh-Ho-Hoi is destined to play a prominent part in all internal affairs of Manchukuo. It is explained that the "Society" is the only political organization recognized by the Government, standing—so to speak—between the "emperor" and the people and conveying the hopes and wishes of the latter to Pu Yi, thus doing away with the system of parliaments and other attributes of democracy, which are described as decaying and not in accord with the natural traits of Asiatic races.

The Hsieh-Ho-Hoi is an "old" political party. It was organized in 1932, soon after the birth of Manchukuo, by Cheng Hsiao-hsu, the then "premier." It was his idea to spread through this body the idea and principles of "Wang Tao" or "Kingly Way," a highly involved philosophical theory based on principles of Confucius and Japanese "bushido" and which, to tell the truth, nobody understands or has any desire to delve into its contents. Cheng Hsiao-hsu praises himself as being the enunciator of this conception, and, according to all reports, honestly believes that if humanity would accept it as a guiding principle of its life it would therein find its salvation and happiness.

The "party" is organized as every political party should be; it has headquarters in Hsingking, branch offices in all twelve provincial capitals, sub-branches and even "cells" in every hsien town and other populated centres. At first, the membership was compulsory for all government servants, "ministers," clerks and policemen, alike. Since the membership was looked upon as a condition for holding well-paid government jobs, the "Manchus" flocked into the "party" and soon became devoted members, missing not a single propaganda meeting of the "party" or a flag procession during great "national" festivals. Since the present salaries of government servants are incomparably less than was the case in 1932 and 1933, the "Manchu" members of the Hsien-Ho-Hoi appear to be not in the best of humor, whilst the exactions of the "party" tend to increase, especially since some time ago.

"High Japanese Are Members of the C.E.C."

Among the presidium of the Hsieh-Ho-Hoi or its Central Executive Committee are such personages as General Ueda, commander-in-chief of the Kwantung Army and the Japanese ambassador to Manchukuo, General Itagaki, chief-of-staff of the Kwantung Army, General Baron Honio, creator of Manchukuo, "Marshal" Chang Ching-hui, the present "premier" of Manchukuo, Lui Chung-huan, and a number of other highly placed officials. They are all members of the C.E.C. of the only one Manchukuo political party, Hsieh-Ho Hoi.

Until recently, the activities of the "party" were out of public notice; at any rate, the official press reported nothing about its activities. But since some ago, the Hsieh-Ho-Hoi began to work more actively, trying to secure membership amongst Japanese and Russians. At a recent public meeting, it was explained that hitherto the "Society" worked mainly amongst "Manchu," paying little attention to other component "races" of Manchukuo, Japanese, Koreans, Mongols and Russians. Now, it is evidently considered that the time has come when the "party" should extend its fold to other groups of the population as well, including even the Japanese, who, after the relinquishing of extraterritoriality, are evidently thought amenable to the "party's" activities as are other groups of the population. According to reports, appearing in the official press, it is the aim of the Hsieh-Ho-Hoi to draw into its rank and file every able-bodied subject of Manchukuo, this being regarded as the ideal of the "party's" activities. This means that through violent propaganda and perhaps other ways of suasion, the "party" wishes to augment its ranks, now composed exclusively of government job-holders, *ipso facto*, by drawing in as big a body of sympathizers as possible.

The Hsieh-Ho-Hoi is a "unique" party—there is probably no ocher organization like it. Its political platform is of course based on fidelity and loyalty to Pu Yi and his dynasty, (by the way, there is still no heir, apparent or presumptive, to Pu Yi, a situation unique in itself), to principles of "Wang Tao" and perpetual union and harmony between Japan and Manchukuo. As regards economic and social reforms, which usually make a principal part of the programs of all political parties, nothing is known, as if the present state of affairs in respect to welfare of the people is about ideal and requires no reform whatever.

At a recent meeting in Harbin, the "party" leaders of Pinghsien Province, enumerated what has been done by the Hsieh-Ho-Hoi in the province in the course of its activities during the four years past, and, to a non-"party" man, it appears that nothing has been achieved to be overelated about. "In 1932, during the disastrous floods that visited North Manchuria," it was declared, "our 'Society' raised about Yen 1,000,000 in Japan, and distributed it to the populace, which, rendered to penury and extreme suffering, resorted to banditry and other kinds of lawlessness. We rendered medical assistance, and, where it was possible, distributed food, too. Our members worked in close contact with the troops, suppressing anti-Manchukuo elements, enlightening the populace about the true ideals underlying the foundation of Manchukuo. There were many instances when, influenced by skilful propaganda of our members, large bodies of 'bandits' and 'volunteers,' realizing the futility of any further struggle, surrendered to the Government and became loyal citizens." It was further stated that in 1933, the Hsieh-Ho-Hoi began to pay closer attention to cultural matters. More branches were established, with "cells" practically in every populated centre, due attention being being paid to training expert propagandists who began to canvass the country-side, bringing the ideas of "Wang Tao" and those underlying the foundation of Manchukuo (it is rather obscure what these ideas are like) to the bulk of the population, the peasantry. In 1934, it was stated, the Hsieh-Ho-Hoi had persuaded the railway authorities to lower freight rates on some vital commodities, which proved to be highly helpful in overcoming the business slump, then prevailing. In the same year, the Hsieh-Ho-Hoi inaugurated a system of provincial meetings, which began to select delegates to All-Manchukuo meetings, or—in other words—the Hsieh-Ho-Hoi has gradually become an ideal parliament, standing between the "throne" and the people.

The Political Goal of the "Society"

When you meet a Hsieh-Ho-Hoi member and ask him about the principal political goal of the "Society," you invariably hear that it is anti-communistic and that it will very soon lead all Asiatic races in a crusade against the stronghold of communism, the U.S.S.R. This leads one to a suspicion that all members of the Hsieh-Ho-Hoi are *ipso facto* spies and informers, hunting after communists, actual or imaginary. Judging from recent speeches of the leaders of the Hsien-Ho-Hoi, it appears that communists, despite severe reprisals awaiting them, thoroughly permeate rhe entire body of Manchukuo. Arguing in this vein, they stated that the aim of the Hsieh-Ho-Hoi is to counteract the communistic propaganda by spreading the wholesome ideas of "Wang Tao" and Oriental virtues amongst all groups of the population.

Recently, the leaders of the Hsieh-Ho-Hoi made a trip along the western line of the C.E.R., visiting the principal towns and stations along the line, where they addressed the Russians, gathered in theatres and railway clubs by orders of the agents of the Bureau for Administration of White Russian Affairs. According to reports appearing in the official press about these meetings, the leaders invited the Russians to join the rank and file of the Hsieh-Ho-Hoi as the first condition for taking part in the forthcoming deadly struggle with communists in the U-S.S.R. Mr. Asano, chief of the Hsieh-Ho-Hoi branch in Hailar, declared that the Russians in Manchukuo should join other races of Manchukuo and take a most active part in the forthcoming elimination of communists in Russia (see the *Harbin Times* for July 16).

All other meetings at such populated centres as Manchuli, the Three Rivers region, Tsitsihar, etc., were conducted along similar lines, the Russians having been pre-warned about the coming struggle against communism in Russia. It appears that at all these meetings, the audence had promised to rise in arms at the first signal of the Hsieh-Ho-Hoi, so that the officials of the "party" returned to Harbin greatly elated about the success of their expedition.

The same war-cry was heard at a great rally held in Harbin on July 10, when B.C. Abramov, an employe of the Hsieh-Ho-Hoi, in a great speech, stated *inter alia;* "In the present decisive struggle against communism we must fight

by common front. The enemy is strong and in order to overcome him, we need have common will and a single directing centre. This centre is to be filled in by the Hsieh-Ho-Hoi which provides an important front to Russians in the forthcoming struggle. At this hour of decision, there can be no deserter. Everyone must join the Hsieh-Ho-Hoi and fight communism under its leadership. To avoid fighting against communists is a crime against Manchukuo and Russia. To-day the Hsieh-Ho-Hoi raises a war-cry and appeals to Russians in Manchukuo to attack communism. We have the vision of our country, Russia, before us, which awaits liberation aud will certainly be liberated!"

On July 21, the "party" held a great rally at Hsinking (Changchun), participated in by all leaders of branch offices, and, according to a *Kokutsu* dispatch, the following were accepted as guiding principles of the future activities of the "party":—

1—To enlighten the people about high standards of Oriental morality together with unbroken relationship between Japan and Manchukuo.

2—To spread the ideas underlying the foundation of Manchukuo.

3—To unite and direct along wholesome channels the national thought of Mauchukuo.

4—To unite all progressive elements of the population and to direct their activities towards eliminating animosity and ill-will amongst various races of Manchukuo, so that every nationality inhabiting the "empire" may pursue its peaceful occupation for its own as well as general good.

5—To assist in raising the standard of living of the people in harmony with high principles underlying the foundation of Manchukuo,

6—To pay the utmost attention to the wishes of the people, bringing these wishes immediately to the attention of the authorities concerned, thus realizing ideal harmony between the government and the people, which cannot fail to result in loyalty to the regime.

7—To spread the ideals underlying the foundation of Manchukuo far and wide amongst all peoples of Eastern Asia for their eventual liberation from the foreign yoke.

All this sounds well and good, but the fact remains undeniable that, despite all these high-sounding phrases, Manchukuo is still run by terror.

Harbin, August 4, 1936.

Korean, Running for Japan, Wins Olympic Marathon

The Olympic Games at Berlin continued to draw the world's interest during the week. The Chinese athletes, generally, put up gallant contests, but on the whole made a poor showing. Japanese broke several records. One of the outstanding features of the games was the winning of the Marathon by a Korean.

The following is a list of noteworthy events:

Aug. 5—Carpenter, U.S.A. set new record for discus throw—50.43 meters. Six participants, including Chen (China) did not appear; Paul Fu was the only Chinese to qualify in pole vault.

Aug. 6—Lovelock (New Zealand) established record for 1,500 meters—3 mins. 47.8 secs. Chinese athletes make poor showing. Tai finished last in 400 meter heat; Hoh failed in javelin preliminary; Chang failed in hop, step and jump; Huang unqualified because he failed to clear 46 feet.

Chinese football team beaten by British 2-0. However, Chinese make several excellent plays; are loudly cheered.

Aug. 7.—Tajima (Japanese) first Nipponese to win gold medal; wins hop, step and jump with 52 ft. 10.5 ins..

Aug. 8—Americans continue lead in Decathlon. Glenn Morris makes world record of 7,900 points. Japan was eliminated in 1,600 meter relay run-off; China did not start.

Aug. 9—Japanese establish record of 57.5 secs. for 100 meter swim; in women's 200 meters breast stroke, Miss Machata (Japan) establishes record of 3 mins. 1.9 secs.

Kitei Son (Korean, running for Japan) sets record for Marathon run, 2 hrs. 29 mins. 19.2 secs.

Aug. 10—Japanese squad in 800-meter relay sets record of 8 mins. 56.1 secs.

Chekiang Government to Raise $2,000,000 to Help Fishermen

The *China Times* states that the Chekiang Provincial Government is conducting negotiations with the Chekiang Provincial Bank and the Chinese Farmers' Bank for a loan of $2,000,000 to assist the starving fishing population along the Chekiang Coast. On account of external pressure, the fishing business along the Chekiang coast has greatly declined in the past two years. The present loan, it is understood, will be formally concluded during the latter part of August.

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General Chiang's "New Deal" for Kwangtung; Pacification Commissioner Sees Golden Future

BY THE REVIEW'S CANTON CORRESPONDENT

ONE of the most eventful weeks in the political history of Kwangtung ended on July 19. With dramatic suddenness General Chen Chi-tang, who for the past seven years had been Canton's chief military and political administrator, on that day announced his retirement and boarded the British warship *Moth* quietly for Hongkong. General Chen Chi-tang's resignation brought with it the abolition of the South-west Political Council and the South-west Executive Committee of the Kuomintang, a small "dynasty" of the South-west which was a creation of the Enlarged Kuomintang Extraordinary Session of 1931 in Canton.

After over a fortnight's dilly-dallying and political bargaining the Kwangsi situation remains as obscure now as it was at the time when General Chen Chi-tang resigned all his Canton posts. For seven years the Kwangsi Government, with Generals Li Tsung-jen and Pai Chung-hsi on top, was able to maintain a semi-independent government drawing monthly subsidies from both the Nanking and Canton Government, because of the strong alliance which Kwangsi had with Kwangtung. The Commander-in-chief of Kwangsi, General Li Tsung-jen, spent more time in Canton sharing in the work of the now suspended South-west Political Council than he did with the administration of the Nanking Provincial Government.

In other words the administration of the Kwangsi Provincial Government was more under the attention of General Pai Chung-hsi, second in command of the Kwangsi army and the Kwangsi Provincial Chairman, Huang-Ku-chu. About two years ago the Kwangsi Government ordered conscription of a militia force in Kwangsi, which trained over 1,000,000 young men, which the Government enlisted from all villages. It was to some extent due to the organization of this militia force that the ambition of General Pai Chung-hsi was so encouraged that he strongly advocated an independent government to be formed in Canton early in June. Even to-day it is said that in Kwangsi there existed a difference of opinion among the commanders with General Pai Chung-hsi strongly favoring a war with Nanking and Kwangtung as the most effective way out of the imbroglio.

New Finance Administrators

In the field of finance the Nanking Government has appointed T. L. Soong, brother of T. V. Soong and now Managing Director of the Manufacturers' Bank in Shanghai, as Canton's Special Finance Commissioner and Director of the Finance Department. Next in importance is the appointment of H. O. Tong (many years the Superintendent of the Shanghai Customs) as the Kwangtung-Kwangsi Salt Commissioner, succeeding to the post previously held by Chan Wai-chow, the brother of General Chen Chi-tang. Of considerable importance to the collection of taxes in Kwangtung and Kwangsi is the appointment of Wu Chien-tao (former Kiangsi Provincial Finance Director) as the new Director of Consolidated Tax Bureau for Kwangtung-Kwangsi-Fukien districts.

The Kwangtung Provincial Bank, which is now the leading note issuing bank of the Southern Government, will be reorganized by the Central Government and in future it will be known as the Central Bank of China, Kwangtung branch. The overhauling of Kwantung's financial affairs is now in hands of T. L. Soong and Tsou Lin. The latter is the Administrative Vice-Minister of Finance, who visits Canton for the purpose of supervising Canton's rehabilitation works.

One of the far-reaching effects which Kwangtung's adoption of the Shanghai currency will have on the Hongkong money market is the fall of the Hongkong dollar and appreciation of the paper currency of the Kwangtung Government of the past fortnight, since the retirement of General Chen Chi-tang. When the Nanking Government succeeds in bringing about the unification of China's currencies the Canton export bills, which hitherto have been sent to Hongkong banks to be discounted, will be discounted in Shanghai in future. As a result, Hongkong in future will get much less export cover and therefore the Hongkong exchange will weaken, and is expected to be on the level of the Shanghai dollar in the very near future.

Nanking's direct control of Kwangtung's finances and currency should result in the stabilization of the managed paper currency, bringing it to a uniform rate with Shanghai, improvement of Kwangtung's import business, and abolition of some of the miscellaneous and unpopular taxes such as those on opium and gambling, if the Government program for the disbandment of superfluous troops can be successfully carried out.

Gen. Chiang's "Liquidation" Astonished the World

In more ways than one the successful manner in which Generalissimo Chiang Kai-shek liquidated the South-west military situation, as far as Kwangtung is concerned, without firing one shot, has astonished the world. But it has certainly disappointed the Japanese, who more than anyone else, have cherished the hope to see a showdown between the South-west and the Central Government. As the writer has pointed out many times in his previous letters a war between the South and Nanking could only have one result—the weakening of China's national defense and creating a new opportunity for the Japanese to push their encroachment both in northern and south-western China. But all the time the Nanking Government had endeavored its best to avoid a civil war, as evidenced by the repeated pronouncements by responsible Nanking officials such as General Chiang Kai-shek and his chief subordinates, political and military, that the Nanking Government would only use force when all other methods to settle the South-western imbroglio had failed.

At this early stage it may be premature to discuss what important effects General Chiang Kai-shek's promised "new deal" for Kwangtung may have for the Cantonese, but the most significant remark was made recently by General Yu Han-mow, the successor of Chen Chi-tang and new Pacification Commissioner of Kwangtung, when he said that from now on every phase of the administration of Kwangtung would be conducted upon instructions from the Central Government. Before assuming his new post in Canton, General Yu Han-mow flew to Kuling from Shiukwan in northern Kwangtung, and at Kuling he discussed with the Nanking Generalissimo every phase of the military situation. There he obtained from Chiang Kai-shek advices concerning the appointments of the new military officers for the Kwangtung armies.

Yu Han-mow's First Statement

General Yu Han-mow predicted a golden future for the whole of China, saying that for his own part he would endeavor to devote his entire attention to the military administration, leaving the political side of the Government to Nanking appointees. He said that in the formation of the new government the basis was being laid for a new foundation of both political and financial administration for the whole country.

Thus in his first statement issued to the Canton press, General Yu Han-mow said that it was a desire to see the immediate realization of sincere consolidation among China's leaders to avoid bloodshed in the South-west which had brought him to visit Nanking by air. He said that what he did for Kwangtung was based on instructions of General Chiang Kai-shek. He said that for many years he had commanded troops in Kwangtung. He was used to poverty and in his zeal to serve the country he had often forgotten even his own safety. It was this desire which prompted his making the trip to Nanking despite obstacles.

General Yu than praised the manner in which the Cantonese officers had co-operated in making his return possible. He hoped that his colleagues would permit by-gones to be by-gones and devote their future energy only to the strengthening of China's national defence to resist foreign foes. While devoting his whole time to the training of troops for this purpose, General Yu said that personally he believed that if his army was reduced by one soldier it would mean the saving of some money for the country and consequently reducing the burden of the taxpayers of Kwangtung. The money thus saved could be effectively utilized for rehabilitation in Kwangtung.

Commenting on the finance administration in his new Government General Yu Han-mow said that he was one hundred per cent in favor of allowing the Central Government to assume full responsibility in effecting reorganization of Kwangtung's finances. Throughout the whole crisis since June 1 the Nanking Government had displayed every consideration for the welfare of the 30,000,000 Cantonese. He appealed to the 30,000,000 Cantonese to have full confidence in the Central Government to bring about a new era of prosperity for Kwangtung.

Thus in the military sphere the Central Government has permitted all the former Cantonese officers to continue with their posts in the various armies with General Yu Han-mow on top. One of Nanking's important steps to strengthen Kwangtung's coastal defence is the appointment of an experienced naval officer in Admiral Chen Chek (Chan Chak) as the Commander of Bocca Tigris Forts, the primary and important fortification of Canton River. Regarding this appointment it is said that the Nanking Navy had realized long ago that the armaments at Bocca Tigris Forts were inadequate for the protection of Canton River, as witnessed by the easy and effortless manner in which three cruisers escaped from Canton River last year under the very nose of the old regime in Canton, despite the firing from the Bocca Tigris Forts. Regarding Kwangtung's navy it is said that some of the cruisers now in Hongkong

including the crusiers *Hai Yung, Yat-sen, Haichow, Yung Chien* etc., Chinese reports have it that these northern crusisers may be incorporated into the new Kwangtung Navy, making Kwangtung one of China's naval bases. So important is the naval reorganization in Kwangtung that up to this time the Nanking Government, has not announced its decision concerning the new naval commander for Kwangtung.

Kwangsi Allegedly Tries to "Hold Up" Nanking

Backing their theory that Kwangsi can resist, at least for some time, a war against Nanking and Kwangtung, the Kwangsi commanders explain that Kwangsi is a mountainous and poor province. The rough condition of the province makes the air bombardment by Nanking aeroplanes difficult. On the other hand, as Wuchow is Kwangsi's only outlet to the sea a most difficult problem faces the Kwangsi army in their defence of the West River front, once hostilities start with the Nanking warships, six of which have already arrived in Hongkong or Canton, organizing a naval blockade of the West River and on the southern Kwangtung front, near the Hainan and Yamchow sector.

When the two Kwangsi Commanders realized last week that Chiang Kai-shek was determined to settle the Kwangsi affairs once and for all, the Kwangsi commanders, it is allegedly reported, they demanded that the Nanking Government must pay them $5,000,000 to cover a tour abroad, also that Nanking must appoint them to head some form of a mission abroad to study conditions.

As this article is written it is reported from Canton that General Chiang Kai-shek had invited Generals Li Tsung-jen and Pai Chung-hsi to come to Canton for a heart-to heart talk on the settlement of Kwangsi affairs. But Li and Pai made the counter-demand that the peace conference should be held in the British Colony of Hongkong.

Travellers from West River and Kwangsi state that while Kwangsi is outwardly quiet the situation is really most critical. One report estimates that 20,000 residents, including members of the families of Generals Li Tsung-jen and Pai Chung-hsi, had left Wuchow for Hongkong. Earlier this week minor skirmishes between vanguards of Kwangsi and Kwangtung occurred at a place called Shangmuhu, on the Kwangtung-Kwangsi frontier near Wuchow.

Canton, Aug. 7, 1936.

Sino-Japanese Match Company to Be Inaugurated in Shanghai

Heralding a new era of Sino-Japanese economic co-operation, the *Sin Wen Pao* Aug. 3 stated that a special envoy of Japanese business circles had arrived in Shanghai to take up his post as assistant manager of the Sino-Japanese Match Company. The Sino-Japanese Match Company, which will be formally inaugurated very soon, is being organized with a capital of $5,000,000, with the object of effecting control of the match industry in China. A Chinese and a Japanese will be appointed Manager and Assistant Manager respectively. The factory is to be established in Shanghai.

The Tokyo *Yomiuri* of July 29 stated that a Sino-Japanese joint match sales company will be established with a capital of 5,000,000 siler yuan, to be called the China Match Joint Management Company, with the object of producing and selling Chinese-made matchs. The share of China will be 80%; Japan, 20%. The head office will be located in Shanghai. Among the Japanese interested in the enterprise are Seiich Takigawa, president of the Tsinan Match Company and Kenjiro Ueda, formerly director of the same company and others.

Central Trust Grants Nanking $1,700,000 to Improve Waterworks

The *Sin Wenwn Pao* Aug. 1, stated that in view of the steady increase of the population in Nanking the Government has concluded a loan with the Central Trust for the improvement of the construction work in the Chinese cpaital. The loan, amounting to $1,700,000, will be used principally for the improvement of the waterworks in said city.

Three Provinces Ask Prohibition of Export of Chinese Wheat

The Kiangsu, Chekiang and Anhwei Native Flour Guilds have jointly petitioned the Ministry of Industries for the prohibition of export of Chinese wheat hy foreign commercial firms.

Kleffel Sentence Affirmed, But Bail Allowed for Another Appeal

The Second Branch of the Kiangsu High Court Aug. 12 dismissed the appeal of Julius Kleffel, former general manager of the defunct American-Oriental Bank, and sentenced him to six months' imprisonment; also ordered him to pay a fine of $1000 for breach of confidence. Kleffel, however, is still a free man. His altorneys filed notice of appeal to the High Court in Nanking, the original security of $20,000 first put up by him when he was bronght before the court last February, being continued.

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Kwangtung Prohibits Private Exploitation of Antimony

Monopolistic rights granted by General Chen Chi-tang, the deposed Commander-in-Chief of the Kwangtung forces, to a private concern for the exploitation of antimony mines in Kwangtung have been cancelled, it was officially announced in Canton Aug. 7. All exports of antimony from Kwangtung in the future, it is understood, will be prohibited save those accompanied by special certificates from the National Resources Commission in Nanking.

The special "Registration Tax" on gasoline and kerosene, imposed by the Fukien Provincial Government, must cease at the end of the current fiscal year, according to a ruling handed down by the Ministry of Finance Aug. 7.

Wool Oil Refinery to Be Established in Hankow

Preparations for the establishment of a wood oil refinery in Hankow are under way. Liu Shou-peng, Hupeh Reconstruction Commissioner, had a conference with wood oil merchants in the Hankow Chamber of Commerce building Aug. 7 to discuss measures for raising a capital of $150,000 for the refinery. The proposed establishment of the refinery forms a part of a program of the Ministry of Industry for the development of China's wool oil industry.

Prosperity Revival Plans for Wuhu

As a practical step toward the revival of prosperity in Wuhu, Anhwei, the provincial government has decided to mark out the city as an industrial center. According to tentative plans, financial assistance will be rendered by the government to suspended factories to resume operations while Shanghai merchants will be induced to invest more funds in factories in the province.

Brisk Business Reported in Red Tea

More than 80,000 boxes of red tea, valued at upwards of $3 millions, have been marketed in Shanghai this season, according to Cheng Chen-chi General Manager of the Anhwei-Kiangsi Red Tea Transportation and Marketing Bureau, who returned to Wuhu, Aug. 5. In order to promote the tea industry, green tea will also be marketed by the Bureau next spring. Other provinces, such as Chekiang, Fukien, Hupeh and Hunan, will also market their tea through the Bureau, Mr. Cheng said.

Chinese Match Industry Hit by Foreign Competition

Indicative of the effect of the acute depression on the Chinese match industry, only $90,000 out of $300,000 worth of matches manufactured by native factories has been consumed in this country, the Nanking *Morning News* reported Aug. 7. Keen competition, according to the daily, has come from Swedish and Japanese match factories, some of which maintain plants in China. Much of the wood used in making match sticks is imported from Russian Siberia and Hokkaido, Japan. Heavy taxation has also been responsible for the depression of native match industry, the daily asserted. The duty on every box of matches, it reported, has been raised to $17.40 as against $7.50 several years ago.

Peiyang Match Factory Affected by Smuggling

Affected by the rampant smuggling in North China, the Peiyang Match Factory, one of the biggest Chinese match enterprises in Tientsin, is curtailing its schedule of operations. Beginning Aug, 5, the factory has dismissed more than 300 workers. If business conditions do not take a turn for the better, it is feared that it will have to close down shortly. With the market flooded with smuggled matches, the factory has found a poor outlet for the large quantity of matches now stocked in its storerooms.

Rural Subsidiary Industries Occupy Prominent Place in China's Economy

In pushing the much-heralded people's economic reconstruction movement, one should not ignore rural subsidiary industries, as they occupy an important place in agricultural economy, declared the *Ta Kung Pao* in an editorial Aug. 6 commenting on the latest economic project. Citing the production of native cloth at Nantung as a subsidiary trade of the peasants outside the farming season, the journal opined that if such subsidairy industries were promoted in rural districts all over the country, there would be no rural bankruptcy. The export of Nantung native cloth, according to the paper, is valued at upwards of $25,000,000 annually.

Economical Wheat Thresher Is Designed by National Institute

Two types of wheat threshers, designed on modern principles but adapted to rural conditions in China, have been made by the National Institute for the Improvement of Rice and Wheat, in conjunction with the College of Agriculture of the University of Nanking. One type is operated by an engine of 5 h.p. and costs $100. The second machine is smaller and is operated by a foot treadle and the cost is barely over $20. *Kuo Min* says the experiments which have been conducted have showed successful results. The larger type, using three tins of petroleum, is able to thresh more than 60 piculs of wheat per day. It is also adapted for the threshing of beans, kaoliang and corn.

Yang Yung-tai Rushes Work on Greater Wuchang

Visualizing the increasing importance of Wuchang as a commercial, finnacial and political center in Central China after the inauguration of through traffic on the Canton-Hankow railway, which has been fixed on Oct. 10, China's Independence Day, the Hupeh Provincial Government is rushing its work in building a Greater Wuchang in accordance with a modernization and expansion scheme outlined early in the year.

Since his assumption of the provincial chairmanship last January, Yang Yung-tai has spared no efforts in developing and modernizing the Hupeh capital. In addition to the $600,000 reconstruction fund provided in the local budget, Mr. Yang has appropriated $450,000 from the provincial treasury as subsidies for carrying out the first part of the modernization and expansion project.

Trading Company Planned in Chinghai

As a practical step to promote trade between Chinghai and Tibet, a trading company has been planned by the Chinghai Provincial Government. The company is to be organized by merchants in that province with the supervision of the provincial authorities.

"Ta Kung Pao" Discusses Cost of Living for Workers in Shanghai

The *Ta Kung Pao* July 28 published statistics on the cost of living for the families of workers in Shanghai, pointing out that the two principal factors which had an influence on prices was that there was a tendency to higher prices during the period of currency and financial reforms, but this was largely offset by the decline on commodity prices due to the smuggling of Japanese goods.

Chinese Company to Build Motor Cars With German Machinery and Material

Determined to manufacture motor cars with German technical assistance and with as much native material as possible, a group of enterprising Chinese industrialists have raised a capital of $6,000,000 and are planning factories in Chuchow, Hunan and Shanghai, with head office in Museum Road in Shanghai. The new business organization, the China Motor Car Manufacturing Company, hopes to build all kinds of motor cars without any outside help after five years. A large piece of land in Ban Soong Yuen, Nantao, has been marked out for the Shanghai branch factory of the company and it is expected that the new factory building will be ready for use within this year. All necessary machines are to be bought from Germany.

A subsidy of $70,000 has been allotted by the National Economic Council to the Hunan Machine Tool Factory for the manufacture of spare parts for motor vehicles.

"Gentry" Manipulate Cooperative Activities, Charge High Interest Rates

High interest rates and manipulation of co-operative activities by local "gentry," according to qualified observers in Nanking, quoted by *Central News*, are the two main hindrances to the progress of China's co-operative movement. Under the pretext of helping the rural rehabilitation work, it is pointed out, not a few Chinese banks are investing their money in rural co-operatives at a high rates of interest.

Meanwhile, many unscrupulous "gentry," are manipulating the business of co-operatives. Instead of working for the benefit of the farmers, they are serving as middlemen between the banks and the peasants. They ask loans from banks in the name of co-operatives, and in turn lend them to peasants at usurious rates.

Chinese Goods to Northwest to Be Exempt from Taxes

As a part of the "buy Chinese" movement, the Ministry of Finance has recently ordered the Special Tax Bureau at Tungkwanshen to exempt from taxes all native cloths and textile goods with registered trade marks, which are transported from Tientsin to the Northwestern provinces.

A Nanking message states that the Ministry of Finance is giving due consideration to the petition of rice merchants in Canton for the abolition of the import duty on foreign rice imported into Kwangtung. Certain remedial measures are being devised.

National Sugar Cooperative Association Formally Inaugurated

The China National Native Sugar Production and Co-operative Association was formally inaugurated Aug. 2 at the Sugar Merchants Guild. Originally scheduled for Aug. 1, the opening ceremonies were postponed to await the arrival of Feng Jui, the Chairman of the Board of Directors, who, however, is still prevented from coming to Shanghai by pressing duties in Canton.

Those present at the inauguration meeting included representatives from the sugar interests in Kwangtung, Kwangsi, Szechuan and Shantung, local sugar merchants, delegates from various official organs, and local industrial and business leaders.

Szechuan to Have Big Sugar Refinery

A big sugar refinery will be built in Szechuan, according to the plans of the Szechuan Provincial Government. According to the present plan, the refinery will have a capital of $20,000,000, of which half will be subscribed by the Szechuan Provincial Government. It is reported that the remaining $10,000,000 will be subscribed by the Shanghai banks.

"Japanese Give Postive Guidance" to Develop Cotton Growing in North China

Kotaro Hiraoka, Director of the Cotton Spinners' Association of China, told *Domei* in Tokyo Aug. 7, on his return from a 40-day tour of the northern provinces, at the head of the special mission of investigation, of China, that their chief aim was to secure Sino-Japanese co-operation through the development of cotton production in North China.

Mr. Hiraoka said that the group, which consisted of Government officials and leading industrialists, investigated not only the possibilities of cotton planting, but also the general conditions in the agricultural areas. "As a result of this study," he declared, "I can safely say that a bright future is in store for the development of cotton planting in North China." If "positive guidance" is given to the Chinese farmers, he said, the northern provinces could raise their annual output from 700,000,000 lbs. to 1,260,000,000 lbs. To distribute efficiently such a large amount of raw cotton, it would become necessary to set up special agencies of Japanese cotton interests in Tientsin and Tsingtao. Mr. Hiraoka said that as a result of the group's investigations it has been shown that China is nearly self-sufficient in cotton.

Owing to brisk export demand, orders coming both from Japan and the United States, the price of cotton in Tientsin is soaring. The present quotation is around $50 per picul, which is an increase of $20 over the average normal price.

Manchukuo Cotton Acreage Greatly Increased

Steady expansion of land planted under cotton is reported by the Manchukuo Cotton Growing Association. Cotton acreage this season has reached 2,450,000, with an estimated crop of 860,000 piculs. The Chinchow district, Fengtien Province, was described by officials of the Association as "perfectly suited" for cotton growing. Reducation in electric power rates has also stimulated the establishment of small cotton ginning plants, the officials added.

China's Cotton Cloth Industry Suffers from Smuggling and Dumping

The depression now confronting China's cotton industry is attributed to the influences caused by the excessive dumping of cotton goods on the Chinese market by foreign countries, declared Yung Chung-chin, China's cotton magnate in an interview in Shanghai Aug. 7. In recent years, the business of various Chinese cotton mills has declined lamentably, and they have been unable to maintain themselves, he said. The cotton situation is further endangered today by the rampant smuggling in North China, Mr. Yung observed

Cotton Imports to Japan from Brazil Show Large Gain

More than 200,000 bales of Brazilian raw cotton have been imported by Japanese cotton spinners from Brazil during July and the first week of August, as contrasted with 14,614 bales for the entire last year. The increase in the imports of Brazilian cotton is ascribed in Tokyo to the possible desire of cotton spinners to retaliate for the American restrictions on the imports of Japanese cotton textiles.

Apprentices to Serve Japanese Cotton Company in Singapore

Four Japanese apprentices, chosen by the South Seas Association, passed through Shanghai Aug. 9 on the s.s. *Fushimi Maru*, en route to Singapore, where they will serve with the Oriental Raw Cotton Company, a Japanese concern.

Shanghai Delegates Asks Lifting of Ban on Cotton Waste

A delegation representing the Shanghai Cotton Waste Trade Guild departed for Kuling this week to petition Dr. H. H. Kung, Minister of Finance, and Wu Ting-chang, Minister of Industry, to lift the ban recently imposed on the export of cotton waste.

Nanking Takes Firm Stand Against Japanese Consulate at Chengtu

The Central Government will seriously take up with Japan the matter concerning the appointment of a Japanese consul to Chengtu, which is a non-treaty port, according to Hsu Mo, Political Vice-Minister of Foreign Affairs, in a statement to the delegation of Szechuen Residents' Association in Shanghai, which arrived here this week and urged the Government to take a firm stand on this issue.

The controversy regarding the opening of a consulate by Japan in Chengtu dates back to 1916 when the Japanese informed the Chinese government that they intended to send a consular representative to Chengtu with the object of taking up his residence there. The official was a member of the staff of the Chungking Consulate and merely took up residence in Chengtu so as to facilitate communication with the authorities at Chengtu. Later, the Japanese gave notice that they intended to open a consulate general at Chengtu, but the Waichiaopu replied stating that they could not agree to this as Chengtu was not a treaty port. The Japanese consular representative was withdrawn at the time of the anti-Japanese outbreaks in China several years ago. The Japanese have now revived the issue by sending a consular representative to Chengtu, ignoring the protests of the Chinese authorities that it is not a treaty port.

In the United States Court for China

In re. the Estate of LEONARD AGOR SCOTCHMER, Deceased

Cause No. 4086
Special Proceedings No. 1964
NOTICE
Filed at Shanghai, China, July 23, 1936.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Leonard Agor Scotchmer, deceased, to present the same with vouchers to the undersigned on or before February 1, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Olive Damoth Scotchmer,
Administratrix
c/o Allman & Co.
206 Hamilton House
Shanghai, China

Shanghai, China.

In the United States Court for China

In re. ESTATE of MARSHAL SMITH HAIRSTON, Deceased.

Cause No. 4082
Special Proceedings No. 1966
NOTICE
Filed at Shanghai, China, July 31, 1936.
William T. Collins, Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Marshal Smith Hairston, deceased, to present the same with vouchers to the undersigned on or before February 8, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

IVEY GOODMAN RIDDICK,
175 Soochow Road,
Shanghai, China.

Shanghai, China.

C.N.A.C. Takes Over Indo-China Flying Route

A *Reuter* dispatch from Nanking Aug. 7 stated that the China-Indo-China through air service formerly handled by the South-west Aviation Corporation has been taken over by the China National Aviation Corporation. The matter, had for some time been the subject of discussion between Nanking and the South-west authorities, who insisted on handling the traffic to Indo-China. With the collapse of General Chen Chi-tang's regime, bowever, the Ministry of Communications has decided to take over the service, there now being no obstacle to such a step.

Lieut.-General Chen Ching-yun, the new Commander of the Air Force in Kwangtung, has converted the Headquarters of the Kwangtung Air Force into the Canton branch of the Central Aviation Administration. The Canton Aviation School has also been reorganized as the Canton branch of the Central Aviation Academy with Colonel Chen Cho-lin as Principal.

Japanese Report as to Amoy Terminus Not Confirmed

The *Domei* report from Canton last week that direct air mail communication between the United States and China, with Macao serving as the Oriental terminus, would be inaugurated on Sept. 1, was not confirmed from any source.

Representatives of the Pan-American Airways in Manila Aug. 5 said they had not been informed of plans to extend the Trans-Pacific airline from Manila to Macao, and that they believed reports of this nature were without foundation. C. J. Spiker, American Consul-General in Canton, said he was unaware of plans to extend Pan-American Airway's trans-Pacific service from Manila to Macao.

An official of the China National Aviation Corporation, interviewed in Shanghai, denied any knowledge of plan. He mentioned however, that the fact that the Pan-Pacific Airways has concluded an agreement with the Portuguese Government for the use of Macao as an air terminal in the trans-Pacific air route is not news as that agreement was made a year ago.

Fiat Plane Makes Shanghai-Nanking Trip in 44 Minutes

In an air race from Shanghai to Nanking on July 30, a Fiat militray plane, type CR. 32, piloted by Captain Zotti, took off from the Hungjao Aerodrome at 8.07 a.m. and landed the Nanking airfield at 8.51 a.m.—a trip of 44 minutes. The race formed part of a competition arranged by the Chinese aeronautical authorities between a Fiat CR. 52 and an American pursuit plane, Curtiss Hawk III. The latter, piloted by E. A. Warren, of the Interncotinent Corporation, was compelled to return to Shanghai, after covering only a third of the distance, on account of engine trouble.

Pan-American Hopes to Inaugurate Trans-Pacific Passenger Service

Two inspectors of the Bureau of Air Commerce of the Department of Commerce went aboard the China *Clipper*, trans-Pacific plane, at San Francisco Aug. 6 with a view to permitting ultimately the inauguration of passenger service on the ships of Pan-American Airways, Inc. It was emphasized, however, the that start of such service depends on two factors: firstly, the granting of a permit by the Department, and, secondly, the completion of the necessary station facilities.

Hawaiian Defences to Be Strengthened with Huge Bombing Planes

An increase in the number of air planes to be stationed in the Hawaiian Islands was announced in Washington Aug. 6 to be the next step in the Navy Department's plans for consolidating an "aerial bridge" between Hawaii and the mainland. Sixty huge planes, virtual flying fortresses, are now under construction, and from this group possibly one half will be ordered for service in the Pacific. The new ships, while called replacements, are actually reinforcements because of their increase in size, speed and general utility over the older models. The new fighting 'planes will have a cruishing range of 2,500 miles.

Japan to Spend More for Aviation

Appropriation of Yen 22,095,000 for the expansion of civil aviation will be asked by the Ministry of Communications in its budgetary estimates for 1937-38, officials of the Tokyo Ministry decided Aug. 7.

Five Japanese Army Planes to Fly from Tokyo to Tsitsihar

Five Army reconnoitering planes, manned by six students and three instructors of the Military Aviation School in Tokorozawa, will hop off on Aug. 17 on a 5,900-kilometer flight to Manchukuo. On Aug. 20 the fliers will start on their return trip, with a long-distance hop to Mukden.

Chinese Woman Pilot to Fly In Big Air Race

Katherine Sui Fiu Cheng, noted Chinese aviatrix from Los Angeles, took off for Cleveland Aug. 5 to compete with Ruth Chatterton, wellknown star of the stage and screen, in the Cleveland-San Diego air derby on Sept. 5.

Bleriot Dies at Age of 64—First to Fly the English Channel

The death occurred in Paris Aug. 2 at the age of 64, of Louis Bleriot, famous French aviator and the first man to fly across the English Channel. M. Bleriot was the Lindbergh of his day. His pioneer flight across the English Channel was as daring a feat in 1909 as was Colonel Lindbergh's trans-Atlantic trip through the air in 1927.

Two Soviet Aviators Flying from Los Angeles to Archangel via Alaska and Siberia

Sigismund A. Levenevsky nad Victor I. Levchenko, two Soviet aviators, are flying from Los Angeles to Archangel by way of Alaska and Siberia. Levenevsky and Levchenko are flying an all-metal American-made plane and propose to travel in easy stages to Seattle, Prince Rupert, Nome, and either Novonikolaevsk or Blagoveschensk on their way to Archangel. They arried at Nome, Alsaka, Aug. 10.

Soviet Government Refuses New Zealander Permission to Fly Across Russia

The Soviet government has definitely refused to give Captain Francis Chichester permission to fly over Soviet Russia in the course of his Sydney to Britain flight in a Puss Moth aeroplane. This refusal, it is understood, is based on a regulation (which only went into effect after the New Zealand aviator began his flight) that no foreign airman may fly from one end of Russia to the other.

Mongolian Military Plane Crosses Border Into Manchukuo Territory

A *Domei* message from Hsinking July 27 stated that an Outer Mongolian military plane had unlawfully hopped over into Manchukuo territory, crossing the border on July 18. It was mentioned that this kind of provocative action had been increasing of late.

Oakland Businessman Visits Far East on Goodwill Mission

A recent visitor in Shanghai was John A. Sowers, head of the Foreign Trade Departments of the Oakland Chamber of Commerce and Armstrong College, Oakland, California. Mr. Sowers, who left Shanghai August 11 for Hongkong, Canton and Manila, has been making an extended goodwill tour in the interests of foreign trade throughout the Orient under the auspices of the Oakland Chamber of Commerce.

In a talk here on Aug. 7 before the Directors of the American Chamber of Commerce, Mr. Sowers stressed the growing importance of Oakland as a port and as a center of industrial activity. Oakland, he said, has adequate deep water frontage for shipping, and is advantageously situated on the continental side of San Francisco Bay. An increasing number of manufacturers are establishing their Pacific Coast factories in Oakland.

Mr. Sowers emphasized the need for added cooperation between Oakland and the cities of the Orient, such as Shanghai. Oakland sends a number or manufactured products to Shanghai and receives in return such things as vegetable oils, wool products, etc. Such cooperation, looking toward the increased development of trade betweenOakland and Shanghai, should be mutually beneficial.

H. D. Rodger Sues Grant Mark for $12,550 Legal Fees

The case in which H. D. Rodger, & Co., Shanghai law firm, is suing Grant Mark for $12,550 for legal services was commenced before Judge Helmick in the U. S. Court for China Aug. 10. The case came before the Court on a motion by plaintiff for a writ of *ne exeat* (not to leave the jurisdicition), but was withdrawn after the Court had heard Mr. Mark's attorney, M. E. Lurton. The case was set for trial Sept. 8.

Both the defendant and his mother, Mrs. E. M. Mark, gave evidence at the initial hearing. The evidence showed (as was disclosed in a hearing several months ago) that funds were held in various financial institutions, (including the China Finance Co.) in the name of Mrs. Mark, that Mrs. Mark had given her son a power of attorney to use said funds, but as regards himself he claimed to have practically nothing. Mrs. Mark in her evidence stated that she was born an American, but acquired British nationality through marriage to a Canadian. She told the court that she had seen all of the property that her son had transferred to her, but that she knew nothing of the businesses in which her son was engaged. He had rendered no statement account to her at all, she said. When asked if her son had any money, she replied that her son was destitute so far as money was concerned.

In summing up, Mr. Rodger argued that Mr. Mark had continued to do business for the past two years, using his mother's money as though it were his own. The defendant had lost, he said, from sixty to eighty thousand dollars in two concerns and his mother knew nothing about it. Mr. Rodger charged Mr. Mark with deliberate fraud of creditors.

Thousands Made Destitute in Chungking By Inundations

Thousands of people in Chungking have been rendered homeless and destitute as a result of the inundation caused by the simultaneous rise of the Yangtsze and the Chialing Rivers.

A portion of the inner dykes, 100 meters long, of the Yellow River was breached at Tingchiatang, in northern Honan Aug. 9. The Provincial River Affairs Bureau has requested the Yellow River Conservancy Board to supply a large consignment of stone for reinforcement.

The water level, of the Yangtsze River at Chungking, southeastern Szechuan, Aug. 8 registered 92 feet; at the Wu-Han Area the River rose to 35.9 feet, causing inundation of the sandbanks along the embankments.

The gap on the Yungting River dykes at Sangkowchen, north of Tientsin, was completely closed Aug. 9.

$5,280,000 for River Conservancy Work for Current Fiscal Year

Appropriations for river conservancy work for the current fiscal year have been set by the National Economic Council at $5,280,000, it was officially announced in Nanking Aug. 6.

A sum of $210,000 will be needed for the repair of the water sluice at Chinmen along the Yungting River, in northern Hopei, and for the irrigation work along the River, according to estimates made by the North China River Conservancy Commission.

$500,000 for Famine Relief

A sum of $500,000 has been appropriated by the National Famine Relief Commission to relieve refugees in the famine-stricken border regions between Hupeh, Hunan and Szechuen. Chen Tsai-sen has been dispatched by the Commission to supervise the distribution of funds.

Upon the request of Kung Hsiang-yung, Chairman of the Yellow River Famine Relief Commission, Dr. H. H. Kung, Minister of Finance, has authorized the immediate remission of $200,000 to defray the emergency work expenses along the Huangho in Hopei, Shantung and Honan.

Many on Verge Starvation in Nanking

The *Sin Wen Pao* says the grave condition of China's depression is fully manifested by the terrible plight of the population in the Chinese capital. During the past few days, a large number of Chinese in Nanking voluntarily presented themselves to the police and confessed they were opium smokers. They were later found not to be opium smokers but only a few of the starving population in the Chinese capital. They made such "false" confessions with the object of being temporarily given food in prison. In the meantime, refugees continue to flow into the capital from the interior where a complete breakdown of rural economic is expected.

Young Chinese Hold Anti-Japanese, Anti-Smuggling Demonstration

Groups of young Chinese came into the Settlement from Chapei last Sunday and indulged in a new type of agitation, mostly anti-Japanese. In addition to shouting their slogans, the agitators chalked their slogans—anti-Government, anti-smuggling, and anti-Japanese—on rickshas and motor-cars which they encountered in the streets.

The sequel took place at the First Special District Court Aug. 10, when the Foreign Settlement Police made an application for the disposal of a quantity of alleged anti-Japanese literature seized during the demonstrations. The court ordered the literature to be detained for inquiries. Among the detained literature were 150 booklets containing anti-smuggling and anti-Japanese pictures and literature, 20 fans upon which are printed anti-smuggling pictures, four sheets of literature referring to the principles of anti-smuggling movement and urging the public to assist the movement by boycotting Japanese goods, which were seized from two students of the "Modern Commercial School," near the corner of Robison and Hart Road. Another quantity of booklets and handbills containing alleged anti-Japanese literature was found on North Soochow Road. Nearly 200 blank membership forms of the Shanghai National Salvation Federations, seized on Hart Road, were also ordered detained by the court.

Local Japanese papers on Monday featured reports on the anti-smuggling demonstration in Chapei on Sunday, all of them describing it as anti-Nipponese in character. Three resolution were passed, according to the papers, at a mass meeting of the Shanghai Federation of National Salvation Societies, held at the Eastern Library, Paoshan Road, under the chairmanship of Sheng Chun-ju. The resolutions called for: The notification of the entire nation regarding the establishment of the Federation of Anti-Smuggling Societies here; an appeal to the Nanking Government to combat the project for the establishment of an independent Customs administration for North China; and encouragement to be given to the Customs authorities in their preventive activities.

The demonstration, led by Wang Tsao-Shih, began soon after the conclusion of the meeting. The paraders, according to the Japanese papers, shouted anti-Nipponese slogans, sang anti-Japanese songs and distributed handbills assailing Japan.

In the United States Court for China

In re.
the Estate
of
CHARLES NEWTON DUBS,
Deceased.

Cause No. 4088
Special Proceedings
No. 1967
NOTICE
Filed at Shanghai, China, July 31, 1936.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Charles Newton Dubs, deceased, to present the same with vouchers to the undersigned on or before February 8, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Minnie G. Dubs,
Administratrix
c/o Allman & Co.
206 Hamilton House
Shanghai, China.

Shanghai, China.

Aurelius Amplified.

Marcus Aurelius, Emperor of Rome some seventeen hundred and seventy years ago, is famed in history not only as a great sage, but also as a lover of the good things of life.

One of the things Marcus said was:—"In the morning when you rise up drowsy and sluggish, say to yourself, I have a man's job before me today." Had he been living now he probably would have added, "And I must take a little dose of Pinkettes tonight!"

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Terauchi Advises Hirota to Ignore Opposition to National Policies

Advice to ignore all opposition in carrying out the projected national policies was given Aug. 7 to Premier Koki Hirota by Gen. Count Hisaichi Terauchi, War Minister. The War Minister's action, according to *Domei*, was stimulated by the bitter opposition which Mr. Hirota's plans encountered from several members of the Cabinet and leading industrialists and businessmen. Gen. Terauchi placed especial emphasis on the materialization of: Nationalization of the electric power industry, which is now meeting with hostile reception from private interests, expansion of civil aviation, held vital by the War Office as an adjunct to military aviation, and adoption of rigid control over shipping routes, to eliminate wasterful competition. Gen. Terauchi has reportedly urged the Premier to disregard all opposition to these policies, "if he regards them as appropriate."

General Terauchi has been steadily increasing the amount which, in his opinion, would be needed by the Army for its six-year replenishment program. Starting with Yen 3,000,000,000, he raised it to Yen 6,000,000,000 late last month, and to Yen 10,000,000,000 in a sensational interview aboard a train which brought him to Tokyo on Aug. 1 from a pilgrimage to the Ise Grand Shrine. Interviewed by a correspondent of the *Asahi*, the officer declared that a ten-billion-yen Army budget would not be extravagant, nor would it be difficult to materialize. "There is no use of Cabinet Ministers," he declared, who lack the power to put their plans into practice. Such Ministers should be made to resign from their posts as a part of the program for administrative reforms.

Admiral Nagano, Navy Minister, has drawn the attention of Premier Hirota and Mr. Arita, Foreign Minister, to "the urgent necessity of formulating an independent and vigorous foreign policy," the Tokyo *Yomiuri Shimbun*, reported Aug. 16. This policy, he is reported to have emphasized, should be so carried out as to break the *status quo*, under which Nippon-made goods meet with restrictions "almost everywhere in the world." The journal attached great importance to Admiral Nagano's suggestion, in view of the reticence maintained by the Admiralty up to now regarding matters outside of the Navy's direct province."

Following the lifting of martial law in the Capital on July 17, the Metropolitan Police Board Aug. 10 withdrew the Emergency Guard Order for the police protection of the city.

Japanese Navy Expenses to Be Increased by Yen 200,000,000

Domei states the Tokyo Navy Ministry will seek a Yen 770,000,000 naval budget in the 1937-38 fiscal year. The figure will represent an increase of more than Yen 200,000,000 as contrasted with the naval appropriations in the budget for the current year.

The estimates will be put into final shape Aug. 15 by Paymaster Vice-Admiral Haruichi Murakami, director of the Paymasters' Bureau of the Navy Office, to be submitted for approval to high officials of the Ministry, the Cabinet and the Exchequer. Included in the estimates will be appropriations for the construction of new warships and the strengthening of the naval air force, to enable Japan to cope with the non-treaty conditions of the next year.

Terauchi Opposes Diet Plans of Premier

Holding that it was the duty of all Cabinet Ministers to attend the annual grand military maneuvers in the autumn, Gen. Count Terauchi, War Minister, went on record, Aug. 6 in opposition to Premier Koki Hirota and Dr. Eiichi Baba, Finance Minister, to convoke the Diet in September, or three months earlier than usual. The proposal to convene the Diet in the fall was championed by Mr. Hirota and Dr. Baba on the ground that it would give the parliamentarians three extra months to thrash out political problems. The Diet is at present called to order late in December, and is adjourned a few days later for the year-end holidays, which last four weeks.

Minseito Urges Government to Change Foreign Policy

Following in the footsteps of its chief political rival, the Seiyukai, the Minseito Party Aug. 5 issued a public statement urging the Government to establish a positive foreign policy. "It is impossible for the Government", the Minseito declaration said, "to decide upon an adequate national defense program until the course of the foreign policy is sharply defined."

Ugaki Rumored as Head of Merged Parties

Less than 24 hours after the Cabinet accepted his resignation from the Governorship-General of Korea, Gen. Kazunari Ugaki, generally regarded as the "dark horse" of Nipponese politics, became the focus of nation-wide political speculation. The most persistent rumors asserted that Gen. Ugaki would be asked to head a new political organization, created through an amalgamation of the Minseito and Seiyukai parties.

82 Japanese, Chinese Fishermen Perish in Storm

Eighty-two fishermen aboard ten Japanese and one Chinese fishing trawlers perished in a typhoon off Tungsha Island, 150 miles southeast of Hongkong, on Aug. 1. The ships were anchored off the island, when the storm, struck them.

Fight Against Nationalization of Power Industry Grows

Private interests in Japan continue to marshal forces in opposition to the projected nationalization of the electric power industry. Mr. Hirao, Minister of Education, who recently returned to Tokyo from the Kwangsi district, the industrial center of Japan, Aug. 5 informed Premier Koki Hirota that a number of large industrial consumers of electric power in the region have expressed strong opposition to the Government's plans. Although voicing their desire for a lowering of power rates, these industrialists expressed fear that the nationalization of the power industry would eventually lead to its deterioration. Mr. Hirao told the press that he would express his own views on the matter to his Cabinet colleagues at the forthcoming discussions of national policies.

Japan to Issue New Bonds in September

The first "red ink" bonds of the year valued between Yen 300,000,000 and Yen 400,000,000 will be floated by the Finance Ministry late next month. Meanwhile, the Treasury will be kept busy with the conversion of Yen 422,040,000 worth of five-per cent national bonds. Bonds already converted are valued at Yen 2,136,040,000.

Admiral Kobayashi to Govern Formosa

Admiral Seizo Kobayashi, former member of the Supreme Military Council and Vice-Minister of the Navy, will succeed Kenzo Nakagawa as Governmor-General of Formosa, the Tokyo *Nichi-Nichi* Shimbun predicted Aug. 5.

Japanese Delegates to Labor Parley to Sail Aug. 18

Japanese delegates to the International Marine Labor Conference, to be held in Geneva this fall, will leave Kobe on Aug. 18 aboard the s.s. *Hakozaki Maru*.

Japanese Youth Arrested in Plot to Assassinate Military Leaders

A frustrated attempt on the lives of some of the highest Japanese military leaders by a rightist youth by the name of Kuroda was revealed in by the Tokyo *Hochi* Aug. 10. The would be assassin, a youth of twenty six, was arrested near Fukuoka Aug. 8. During the preliminary questionings, Kuroda confessed his scheme to assassinate Gen. Terauchi, Minister of War, and Gen. Ugaki, former Governor of Korea. According to Kuroda, the attempt was to serve as a protest against the general army reshuffle decreed on August first and also to frustrate the possible rise into power again of Gen. Ugaki, who was reported to have been most active in the political arena recently.

Significance is attached to the incident from the fact that Kuroda was a student at a private school maintained by Dr. Shumei Okawa, one of the leading figures in the Japanese Fascist movement and the guiding spirit behind the now defunct Blood Brotherhood League.

Silk Spindles to Produce Artificial Wool

Suspension of operation of 50 per cent of installed spindles and their utilization for the production of staple fiber (artificial wool) by all members of the Association of Silk Industrialists was decided Aug. 5 by the organization's special subcommittee. Appreciation in the price of raw silk and depreciation in the prices on finished goods has necessitated the suspension of 33 per cent of spindles in operation by the members of the Association since 1930.

Japan Bars Samples of Australian Wool

Samples of wool of the new season which arrived in Yokohama from Australia July 27 were refused entry into Japan by the Customs authorities on the ground that they were not accompanied by an import license.

Japan Will Build 12 Warships for Siam, Costing Yen 23,000,000

The Tokyo *Jiji* Aug. 3 stated that the ban has been lifted for publication of news concerning Japan's construction of 12 warships for Siam. Heretofore, Siam possessed a very small navy, consisting of two gunboats, four destroyers, and some torpedoes and the King's own vessel, totalling some 10 vessels in all. Ever since the Revolution of 1932, however, the reformists who got in power carried out reforms and decided on the fundamental policy of building up a powerful navy for Siam as an independent nation in the Orient.

Early last year Siam planned to build 19 warships on a four-year program as the first stage of the naval building scheme. As a result of an international bid conducted, Japan and Italy got shipbuilding orders. Part of the Japanese share was completed on July 24 when two training vessels were launched by the Uraga Dockyard Company. These two vessels will be delivered to Siam in April, by which time they will be fully equipped.

The 12 vessels, estimated to cost Yen 23,000,000 will be all completed within next year.

The *Jiji* commented:—"Great Britain and France which have many advisers in Siam are not feeling pleasant because of the fact that Japan and Italy obtained shipbuilding orders. Italy and Germany, which have come forward recently to recover their markets in the Orient, are expected to become more active in 1938 to compete with Japan".

Japanese Allege Mistreatment by Soviets in Vladivostok

A message from Tokyo Aug. 9 stated that the Japanese Government in paying serious attention to the reports of alleged mistreatment of Nipponese residents in Vladivostok. A spokesman of the Tokyo Foreign office said: "We cannot ignore such illegal acts, since they tend to make the continued residence of Japanese in Soviet territory very difficult." The Japanese papers reported that travellers arriving in Tsuruga from Vladivostok spoke of "undue pressure" being placed by the Soviet authorities upon the employees of Japanese establishments, including the Osaka Shosen Kaisha, the Tatsuma Bussan Kaisha, the Hongan Temple and various Nipponese fisheries. The travellers alleged that a number of Japanese have been arrested by the Soviet authorities "without any specific charges."

Seishin Court Orders "Self-Styled Consul" to Return to China

Following althorough inquiry into the case of Sun Ping-chien, whom *Domei* referred to as "a self-styled Chinese Consul in Seishin," accused by the military authorities of espionage, the Seishin local court Aug. 7 ordered his release, on a condition that he should immediately leave for China. A similar verdict was given an unrevealed number of his accomplices, arrested by the police and gendarmes on July 16. The presiding judge said that the accused were found to be guilty of violating the military secrets preservation law, but in view of their pledge not to repeat the offense and their expressions of regret the Court decided not to prosecute them.

At the time of their arrest, the headquarters of the Korean Garrison officially announced that the men were suspected of military espionage in favor of "a certain country." The men had their headquarters in the former Russian consulate, which remained vacant since the revolution of 1917, and which was leased by the Soviet Government to the arrested men in 1931. "Taking advantage of the fact that the building was once used as a Consulate, the arrested Chinese set up a fictitious Consulate, while actually gathering confidential military information and supplying it to certain quarters," the Army communique declared. Seishin is one of the three newly constructed ports in North Korea, important not only as outlets for Manchurian staples, but also as strategical centers situated close to the Soviet border.

Both Japan and Russia Deny Sensational Report of Border Clash

Reports from Dairen concerning a serious clash between Japanese troops and Soviet frontier patrols on Aug. 5 in the vicinity of Pogranitchnaya, at the eastern terminus of the Chinese Eastern Railway, were denied both in Moscow and Changchun Aug. 9. The Kwantung Army categorically denied a sensational story from Dairen of a clash between Japanese troops and Soviet patrols near Pogranitchnaya on Aug. 5. There were no frontier incidents in August, it was stated. The story of the clash was related to newspapermen in Dairen by a traveller from north Manchukuo, who said that over 100 Japanese were believed to have been killed in the fighting.

Gaimusho Protests Fishing Boats' Detention by Soviets

A protest against the detention of five Japanese fishing trawlers by Soviet authorities in Kamchatka, was made by the Gaimusho this week. The ships, which returned to Hokkaido from Petropavlovsk, Aug. 8 were accused of plying their trade in Soviet territorial waters, and fined 300 roubles each by the Soviet Court in Petropavlovsk. Immediately on their arrival in Japan, the masters of the five vessels made complete reports to the prefectural authorities. All five asserted that at the time of their seizure by Soviet destroyers they were either fishing or drifting in a heavy fog with engines disabled outside of the Russian territorial waters.

The Soviet Government declined to consider the protest. Assistant Commissar Stomoniakoff declared in Moscow Aug. 9 that the schooners were detained in Soviet waters, and the captains had pleaded guilty in court to a charge of fishing in them. M. Stomoniakoff asked the Japanese to take measures to prevent the entrance of Japanese steamers into Soviet waters in the future.

C. W. Kinder, Railway Pioneer in China, Dies in England

The death occurred in London Aug. 11 (on the 84th anniversary of his birth) of Claude Williams Kinder, for 31 years General Manager and Engineer-in-Chief of the Imperial Chinese Railways. Coming to China as a young man, Mr. Kinder took a leading part in the formation and construction of the early railways in this country. One of his early accomplishments was about 1880 when he built a steam locomotive, using a boiler originally belonging to a portable winding engine. This was used on a short railway connecting the Kaiping coal mine at Tongshan to a canal 29 miles away. During the Boxer Rebellion, in his position of Engineer in Chief of the Chinese Imperial Railways, he performed such valuable services that he was awarded the medal and clasp for the relief of Peiping. He was made Advisory Engineer of the Peking-Mukden Railway when it was built.

PAINTS AND PAINT WORK

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CUSTOMS NOTIFICATION NO. 1537.

With reference to Customs Notification No. 1520, the public is hereby notified that in accordance with Government instructions the entry into China of the monthly periodical "Asia" is no longer prohibited.

CHU CHANG-NIEN,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 11th August, 1936.

THE

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The 1936 edition is in process of preparation and will be published in September of this year. Price $50.00. It will contain about 1000 pages of financial, historical and credit information on about 6,000 firms as well as about 1,000 of the latest audited Balance Sheets.

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Japanese Cigarette Smugglers Thwarted by Chinese Customs

Representations were made Aug. 9 to the Customs authorities at Tientsin by the Japanese Consulate-General in connection with the alleged assault by Customs officials upon a Nipponese merchant named Kikuchi and "an insult to the Japanese national flag." The incident, according to a report submitted to the Tientsin Japanese Consulate-General, occurred at Hsuchiachuang, near Tientsin, when Kikuchi, together with two other Japanese, Uchida and Kurihara, arrived there with motor trucks loaded with 25,000 catties of cigarettes, manufactured by the local factory of the Toa Tobacco Company. As the three Japanese were about to place the cargo aboard junks sailing for Tongshan, to which the cigarettes were consigned, about 30 officials of the Customs preventive service accosted them. Kikuchi was allegedly severely beaten by rifle butts, while his companions were also badly manhandled and tied with ropes. A flag on one of the trucks was torn into shreds by the Customs guards, the report alleged.

The protest filed by the Consulate-General dealt only with the assault upon Kikuchi and the insult to the flag.

The Consular authorities, however, announced later that they would make an investigation to determine whether transportation of goods manufactured in Tientsin to other points in the province constituted a violation of the Customs regulations. If this fact is established, an official of the Consulate-General said, guilty persons will be severely punished on charges of smuggling.

Minor Japanese Official Objects to Having Baggage Searched

The latest incident in which a Japanese arrival at the Shanghai North Station has challenged the right of Chinese customs inspectors to search his baggage took place Aug. 7 when Motoki Matsumura, Third Secretary of the Japanese Embassy, arrived by train. The local Japanese newspapers of Aug. 8 stated that when Mr. Matsumura arrived at the station he was approached by a Customs' examiner, who asked Mr. Matsumuro to open his baggage for inspection. The Japanese official declined, showing the examiner his name-card bearing his name and official standing. The examiner, the papers said, paid no attention to the card, ignored Mr. Matsumuro's warning and proceeded to examine the baggage, finding no contraband. Japanese authorities here regard the incident, according to the papers, as an insult to Mr. Matsumura and a violation of International Law. It was stated that the Japanese Embassy would make strong representations regarding the incident.

However, in view of the fact that when, two weeks ago, a similar incident occurred where a Japanese refused to allow his baggage to be searched, it was discovered that it contained a large quantity of narcotics, it is not to be supposed that the Customs examiners at the North Station will be diverted from doing their duty, on the off chance that the man whose luggage they are to about to examine might turn out to be some minor official.

Dr. Kung Congratulates Railway Officials

In view of the strenuous efforts of the railway workers in cooperating with the Customs Authorities in anti-smuggling work, Dr. H. H. Kung, Minister of Finance, Aug. 9 telegraphed a message of commendation to Yang Cheng-hsun, Managing-Director of the Tientsin Pukow Railway. The Railway Authorities are also urged to continue their efforts so as to stamp out the illicit trade.

Li Tung-hua, Deputy Director of the General Bureau for the Prevention of Railway Smuggling, conferred Aug. 5 with the authorities of the Peiping-Liaoning and the Tientsin-Pukow Railways regarding the anti-smuggling work in North China. In order to cope with smuggling by water routes, the Tientsin Customs has ordered its cruisers to pay more attention to the preventive work along the coast. The Ministry of Finance has also telegraphed to the Customs, instructing that in case the number of cruisers is not sufficient for patrolling the coast of Hopei, more may be detailed from Chefoo.

In order to enhance administrative efficiency in anti-smuggling work along the coast of Fukien, the Ministry of Finance has decided to grant an additional monthly allowance of $10,000 to the Fukien Smuggling Prevention Bureau beginning from this month.

East Hopei to Reform Revenue Service

Reforms in the organization of its customs service have been decided by the East Hopei Autonomous Anti-Communist Government, the *Kokutsu News Agency* reported Aug. 6. The reforms have been drafted by a special body, which based its findings upon the current political conditions and the experience gained in the customs administration in the past five months. Among the projected changes are: a thorough reorganization of the system and personnel of the revenue service, and the closure of revenue offices at Liushouying, Nantashih and Luanhsien. The offices at Chinwangtao, Peitaiho and Changli will, however, remain. Following the reorganization, strict steps will be taken to prevent the importation of cargo through any other channels than the three offices, the *Kokutsu* said.

Approximately $6,000,000 has been collected by the independent Customs established by the East Hopei autonomous regime during the past five months, a *Reuter* message from Tientsin Aug. 7 stated. Six Customs stations have been established in the demilitarized zone since the independent Customs duties which are, one-fourth to one-eighth of the Chinese national tariff, were first enforced on March 10, these stations being at Chinwangtao, Peitaiho, Changli, Liushouying, Nantassu and Luanhsien. Owing to the strict preventive measures adopted by the Customs authorities in Tientsin and along the Tientsin-Pukow and Peiping-Hankow Railways, large stocks of smuggled commodities are held in Tientsin, and the influx of goods by rail from Luantung stations to Tientsin has decreased in quantity. In the first six months of the present year, a total of 2,000,000 piculs of sugar was imported from Dairen to Tientsin through the demilitarized zone, this figure being almost double the total sugar imports to Tientsin in 1935. The excessive supply has caused a slump in the price of sugar from $20 per sack of 135 catties to $14.50 in a few weeks.

North China Customs Cruisers Headquarters Removed

The Customs cruisers in North China have been re-organized into four squadrons with the removal of their operation base to Tsingtao. The shifting of the Custom cruiser headquarters is generally believed to be a sincere gesture of the Chinese authorities to avoid another clash with the Japanese smugglers, the *Shun Pao* of Aug. 6 said.

To assist the Government in the anti-smuggling work, a Smuggling Inspection Committee (*Chien-Ssu Wei-Yuen-Hui*) was organized Aug. 9 by the Hankow City Chamber of Commerce.

"Shanghai Mainichi" Urges Revision of the Chinese Customs Tariff

Commenting on the "Laissez Faire" policy of the National Government in connection with the customs administration, the Shanghai *Mainichi* emphasizd that even Sir Frederick Leith-Ross, the sponsor of the monetary reform in China, advocated to Nanking the revision of the customs tariff and especially a reduction in the import tariff. "Even though many powers are favored by the increase in the import tariff, the case for China, is quite different. For such a country with an undeveloped national economy, the establishment of a customs barrier serves only to menace the living conditions of the masses. For instance, one bag of sugar costs not less than twenty-two dollars, after customs duty has been levied, while the original price is only 6 to 7 dollars". The paper further averred that the present policy adopted by the National Government only favors Government finance; however it threatens harm to the interests of the national masses.

Bodies of 20 Korean Smugglers Found in Yalu River

The bodies of 20 Korean smugglers, who jumped into the Yalu River, separating Korea from Manchukuo, on Aug. 4, to escape the machine-gun fire of Manchukuo customs officers, have been retrieved by search parties, the Hsinking correspondent of the Tokyo *Hochi* reported Aug. 11. The band, consisting of 96 smugglers, was taking contraband across the river, when it was caught by the customs vessels. A regular battle developed during which 24 smugglers jumped into the water. Manchukuo authorities were reported to be taking a grave view of the incident.

"Shanghai Nippo" Says "Ronins" a Hindrance to Friendly Relations with China

In a short editorial Aug. 1 the *Shanghai Nippo* stated that the existence of ronins in China constitutes a hindrance to the friendly development of Sino-Japanese relations. "Lazy and uncontrolled, these ronins cannot find a safe place for themselves in Japan, and take part in unlawful activities in the newly developed areas. Especially in North China to-day, these people only make their living out of unlawful practices. They are spoiling the relations between the Chinese and Japanese peoples. The existence of the ronins forces the Chinese to presume that the Japanese Government is adopting a triple policy towards China. In North China, the economic development is successfully going on with assistance from Japan; however, the ronins will hamper the furtherance of this development. The immediate liquidation of the ronins is needed badly in order to encourage Sino-Japanese cooperation."

Dr. Lin Yu-tang Is Given Farewell Party—Will Make Home in New Jersey

Dr. Lin Yutang, noted Chinese author, who departed with his family for the United States on board the *President Hoover* Aug. 10 was the guest of honor at a farewell party given at the Park Hotel by P. K. Chu, Secretary of the World Chinese Students' Federation and C. S. Kwei, prominent Chinese attorney and writer, Aug. 9. Among those present were: Hollington K. Tong, Julean Arnold, United States Commercial Attache, J. B. Powell, editor and publisher of *The Review* and correspondent of the *Chicago Tribune*, Mr. and Mrs. Victor Keen, Yinson Lee, Mrs. Chester Fritz, Jen Yu-wen, member of the Legislative Yuan, and some 30 other guests.

The Lin Yu-tangs are planning to make their home in Princeton, New Jersey, where Dr. Lin will engage in literary work. Although he has not yet decided upon the subject matter of his next book, Dr. Lin is considering the suggestion of his publisherr that he write a treatise on his own philosophy. He is preparing material for a book entitled, "Wife, Nun and Concubine."

Who's Who in China

Chang-shan Tau (Tao Chang-shan)

陶昌善號俊人

Chang-shan Tau, Government official; born in Kashing, Chekiang, 1880; was graduated from the College of Agriculture of the Imperial University of Hokaido, Japan, with B. A. degree in agriculture; Director of the Department of Agricultural Administration of the Ministry of Industry of the Provisional Government at Nanking, 1912; when the Provisional Government was removed to Peking, he was appointed Director of Agricultural Affairs of the Ministry of Agriculture and Forestation; upon the amalgamation of that Ministry with that of Industry and Commerce into the Ministry of Agriculture and Commerce, he was made Director of Agriculture and Forestation; in 1917, he was transferred to Kirin as Provincial Commissioner of Industry; Director of Central Agricultural Experiment Field, 1920; secretary in the Ministry of Agriculture and Commerce and concurrently dean of the College of Agriculture of Peking University; Director of the Bureau of Printing and Engraving of the Ministry of Finance, 1929; now Director of the Loan Department of the Ministry of Finance; address: Loan Department, Ministry of Finance, Nanking or 308 Lane Kincheng, Penang Road, Shanghai.

陶昌善號俊人，年五十六歲，浙江嘉興縣人，畢業日本北海道帝國大學農科大學農學士，民國元年任南京臨時政府實業部農政司司長，旋任農林部農務司司長，迨農林工商兩部合併爲農商部，改任爲農林司司長，六年調任爲吉林實業廳廳長，編著吉林鐵務紀略，九年任中央農事試驗場場長，十四年任農商部秘書兼任北京大學農學院教務長，十八年任財政部北平印刷局局長，現任公債司司長，寓上海楠榔路金城里三〇八號。

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AUGUST, 1936.

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Li Hung-chang and the Sino-Japanese War, by Yuan Tao-feng. The Course of Soviet Literature, by Cornelius Zelinsky. The Chinese Book: Its Evolution and Development, by K. T. Wu. Jade and Man in Life and Death, by J. Goette. Drama Chronicle, by Yao Hsin-nung

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Men and Events

Omnibus service on the newly completed highway between Hangchow and Kashing, important city in northern Chekiang, was inaugurated this month.

Dr. Masataka Ohta and Vice-Admiral Saburo Yasumi, members of the Tokyo House of Representatives, arrived in Shanghai on Aug. 9 from Formosa for a few days' visit of inspection.

Two wealthy Chinese merchants were found dead in their shop in Pinar Del Rio, Cuba, Aug. 10. Both had been beheaded. The Cuban authorities believe that robbery was the motive.

William Parker, former director of Hearst's *International News Service* in Paris, accompanied by Mrs. Parker, arrived in Shanghai recently. Mr. Parker has joined the editorial staff of *The China Press*.

E. L. McCloskey, for many years manager in China for the Westinghouse electrical interests, but in recent years director of the company's activities in South America, has returned to Shanghai on a visit.

Wang Chih-kang, executive member of the Shanghai Steamship Companies Association, has been elected Employers' Delegate to the Joint Maritime Commission and International Labor Convention at Geneva.

Joseph W. Ballantine, United States Consul-General in Mukden, who is now on a furlough at home, has been promoted to Councillor of the American Embassy in Tokyo, the *Kokutsu* News Ageny reported Aug. 11.

Reports from Canton state that Tatsuo Kawai, the newly designated Consul-General in Shanghai, who has been suffering from a severe attack of typhoid fever is recovering. He sailed this week for Japan for a brief stay.

Wong Yu-fong, well-known journalist of Shanghai, was recently appointed Director of the International Publicity Bureau, Mr. Wang, a graduate of University of California, was formerly business manager of the *Chinese Republic*.

Miss Gwen Dew, feature writer for the Detroit *News* Sunday magazine and other American publications departed from Shanghai this week for South China after having spent several weeks in China in the course of a round-the-world tour in search of writing material.

In the most terrific wind and rain storm that ever befell Nanchang in the city's history 272 persons were known to have been killed or seriously injured and 388 houses collapsed during the night of Aug. 8. Material damages is estimated at over a million dollars.

Revenue receipts of the Chinese Telegraph Department showed considerable increase since the abolition of despatching telegraphic messages by Government organs on credit, a spokesman of the Ministry of Communications revealed during a press interview in Nanking Aug. 5.

Dr. and Mrs. C. N. Frasier of the Peiping Union Medical College, Peiping, accompanied by their son Philip, sailed for the United States on vacation last week. Dr. Frasier, who has been ill for sometime, has practically recovered and after several months at home will return to Peiping.

Among prominent government officials who are now vacationing in Tsingtao are Gen. Han Fu-chu, Governor of Shantung, and Gen. Chang Chun, Minister of Foreign Affairs, both of whom were entertained at luncheon Aug. 9 by Admiral Shen Hung-lieh, Mayor of Tsingtao.

A group of 35 pastors and teachers from rural Anhwei visted the summer school of agriculture and co-operative enterprises at the University of Nanking, last week. They also visited Wukiang, 30 miles from Nanking, for an inspection of the rural health and medical work done there.

Henry Barde, hitherto the General Manager of the Far Eastern Service of *Havas* Agency, departed for Europe this week on his way to take up his new appointment as General Manager of the Agency in New York. M. Barde first came to Shanghai for *Havas* in 1931.

The National Association for the Prevention of Blindness has invited Madame Chiang Kai-shek to serve as Chairman, Yen Pao-hang as General Secretary, and Wang Tsu-hsiang as assistant Secretary. The first meeting of the Board of Directors of the Association will be held on Sept. 1.

Mr. and Mrs. Shotsu G. King, accompanied by their son and daughter, arrived in Shanghai from Peiping this week. They will sail Aug. 19 for England. The children are to remain in England, entering school there in the autumn. Mr. and Mrs. King will return to Peiping in about six months.

Several Japanese in plain clothes were discovered aobard the British warship *Eagle* at Devonport, England the London *Daily Express* reported Aug. 7. Later, the paper said, the men were identified as Japanese officers, and while they were not asked to leave the vessel, they were carefully searched.

A sum of $5,000 was voted by the Standing Committee of the C.E.C. Aug. 6 as funeral expenses for Wu Hsing-ya, director of the Social Welfare Bureau of the Greater Shanghai Municipality, who died at Kuling last week. Mr. Wu died of cerebral hemorrhage. Mr. Wu had proceeded to the summer resort some time ago to recuperate from his recent illness.

The *Central News* says that Chu Chang-nien, the newly appointed Superintendent of Customs in Shanghai, who originally intended to leave for Kuling to interview Dr. H. H. Kung, Minister of Finance, early this week, has had to postpone his departure till a later date on account of pressure of duties here.

Dr. William G. Campbell, professor of educational psychology at the University of Southern California, arrived in Shanghai end of last week at the head of 86 American educators, who are making a round trip to the Far East. The party passed through Shanghai two weeks ago on its a visit to Hongkong and Manila,.

The dismembered body of a woman, presumably Chinese, was found in a black suitcase on a doorstep on Soochow Road Shanghai Aug. 11. Identification of the remains by the police who are working on the case has been hindered by the fact that certain parts of the body, including the head, are missing.

The second drawing for the redemption of the principal of the Class A. Bonds of the Consolidation Loan was held in Shanghai at the Chinese Banker's Association, Aug. 10. A total of $900,000 of the principal was redeemed; the total interests of the loan, amounting to $4,477,500, will be payable on January 31, 1937.

In order to form the nucleus of a fund which will be used to build an orthopaedic ward in the new Chung Shan Memorial Hospital, the Shanghai Rotary Club has unaniously voted a sum of $5,000. The new hospital is being erected out of privately-subscribed funds, and is to form part of the Shanghai Medical Centre in Route Ghisi.

Led by Tom Groom, former editor of the London *Clarion*, 20 representatives of the Workers Travel Association of Great Britain, which has as its object the breaking down of international prejudices, arrived in Shanghai this week on the s.s. *President Wilson* from the United States. They are making a round-the-world tour.

Clarence Spiker, who has been the American Consul-General at Canton for a number of years, sailed aboard the s.s. *President Hoover* this week accompanied by Mrs. Spiker. Mr. Spiker, is en route to Basle, Switzerland, to which place he has been appointed. Mr. and Mrs.Spiker will stop over in the United States on a holiday.

Prospects of the Philippine Islands in 1936 for economic and financial progress appear "very good," the United States Department of Commerce announced Aug. 9. A larger coconut crop is anticipated, and a somewhat smaller crop of abaca, but the value of these crops will depend on world market conditions, the Department declared.

Miss Chao Chi Chen, graduate of Yenching, Peiping, class of 1931, sailed from Shanghai this week on her way to the United States where she plans to take up special studies in journalism at the University of Missouri. Since her graduation from Yenching, Miss Chao has been connected with the Asia Life Insurance Company and the Postal Savings Bank.

Nathaniel Peffer, writer on Far Eastern topics, whose articles appear in *Asia* and other magazines is coming to the Far East shortly where he plans to spend two years collendting information for a book. Mr. Peffer is now attending the sessions of the Institute of Pacific Relations at Yosemite, Cal. Mr. Peffer spent several years in China as a newspaper correspondent.

Mrs. Chester Fritz, departed this week on the s.s. *President Hoover* on a visit to America tentatively planning to return to the Far East by way of Europe, depending upon conditions in that part of the world at a later date. Mrs. Fritz will meet her sister, Mrs. Aline Sholes, at San Francisco. Mrs. Fritz is well known for her work in connection with the Internatonal Arts Theater.

Merle Davis, a former secretary of the Young Men's Christian Association, and at present secretary of the Social and Industrial Research Department of the International Missionary Council, departed from London on June 10 fo: the United States, en route to the Far East where he is to direct certain studies to be undertaken in preparation for the World Missionary Conference to be held in Hangchow, China in 1938.

The death occurred in Carmel, Calif., Aug. 9 of Lincoln Steffens, American writer, editor and lecturer, of a heart attack, at the age of 70. Deceased became assistant city editor on the New York *Evening Post* in 1892. Later he became associated with several large American magazines. Since 1911 Mr. Steffens had devoted himself to writing books,'lecturing and contributing to magazines. In 1919 he also served as a member of the Bullitt Mission to Russia.

K. I. Samset, superintendent of the Norwegian Lutheran Mission at Laohokow, in north Hupeh, who was captured by bandits on June 5 while travelling by motor bus from his station to Hankow, is suffering from continuous exposure to the sun and hurried journeys by night, according to a letter received from the aged missionary at Hankow. He states, however, that his captors are well-mannered and treat him with consideration.

Released recently after having been imprisoned for more than a year by General Chen Chi-tang, deposed Pacification Commissioner for Kwangtung, Shih Tse-pan, director of the *International News Agency* in Canton, arrived in Shanghai Aug. 9 from the South and immediately proceeded to Nanking. Mr. Shih, who had been engaged in journalistic work in Kwangtung for more than 7 years, was put in prison by Gen. Chen in April last year. During his imprisonment, according to *Central News*, he had been tortured more than 40 times. The *International News* Agency was closed down by Gen.Chen following Mr. Shih's detention.

Miss R. T. M. Suess, previously secretary of the Anti-Opium Information Bureau at Geneva, is arriving in Shanghai shortly for the purpose of collecting material for a series of articles to be published in the United States and Europe.

Gerald L. G. Samson, British writer who was deported from Japan last spring by the Japanese army authorities, is now in North China investigating conditions prior to returning to England where he plans to write a book dealing with conditions in the Far East. Mr. Samson plans to return to England by way of Russia.

A new plan, aimed to encourage the migration of the natives from Formosa to Fukien, has been adopted by the Japanese government, reports the *Ta Kung Pao*. Formerly, all Formosans wishing to go to Fukien or other parts of China had to obtain passports from the Tokyo Foreign Office, but the new plan enables the applicants to get their permits directly from the Formosan government. Only three dollars is required for each passport.

The University of Shanghai announces that it is limiting its college enrollment to 600, about 200 women and 400 men. For the university middle school, the enrollment is limited to about 400. The Downtown School of Commerce will have about 600 students, and the Yangtzepoo Social Center schools, about 800. It is explained that this policy of limiting the enrollment is adopted for the sake of efficient teaching and effective Christian character building.

Under the apprehension of an imminent outbreak of hostilities, the exodus of residents from Wuchow, the second largest city in Kwangsi on the Kwangtung border, continues without abatement, reports received from Canton Aug. 5 stated. About 30,000 of the 50,000 population of Wuchow, have left Wuchow either for interior towns in Kwangsi or for Canton and Hongkong. A group of 20 Americans last week arrived in Canton aboard a gunboat.

King-chau Min, Chinese Consul General in the Hawaiian Islands, gave a radio address over KGU Station, Honolulu, July 21 on the subject "Civilization and the Future of China." The Consul General stressed that in the brief span of some twenty years, China has risen by leaps and bounds in all phases of progress introduced, created, adapted or re-invigorated by the Chinese of the modern world. Whither China goes, the most promising intelligentsia leads. That is why he firmly believed that Chinese civilization and the Chinese nation will eventually reach their coveted goal of national unity, national integrity, and international equality in the family of nations.

Registration Rules for Citizen Voters Announced

Detailed measures for the oath-taking and registration of local citizens as voters for delegates to the forthcoming National Congress were announced by the Shanghai City Government Aug. 8. According to the measures announced, all citizens over 20 years old will have to undergo the process of oath-taking and registration, which will be held together at the various administration districts, including the two special districts.

Two Japanese Concerned in Kidnapping of Chinese Official's Wife in Peiping

The resourcefulness of a chauffeur and speedy police action Aug. 4 frustrated an audicious kidnapping in Peiping. The would-be-victim of the case, Mrs. Chu Shao-yang, is the wife of the former Chinese Charge d'Affairs in Moscow and Minister to Finland. Three kidnappers, two of whom were Japanese, were arrested after a pistol battle with Chinese policemen in Changping, north of Peiping, where Mrs. Chu was taken for an intended unknown destination. Rescued and back in Peiping the next morning, Mrs. Chu was none the worse because of her harassing experience. Under police escort, Mrs. Chu and her three kidnappers were returned to Peiping. The two Japanese concerned were handed over to the Japanese authorities. Another man believed to be involved in the kidnapping named Li Yu-kai, a native of Mukden and a former officer in the Northeastern Army under Gen. Chang Hsueh-liang, was arrested Aug. 7.

Li was arrested as a result of confessions made by Chang Tien-hsiang and Chao Hsi-chiu, two men who were arrested shortly after the rescue of Mrs. Chu from the hands of her captors. Chang and Chao confessed at the Bureau of Public Safety that the ringleader of the kidnapping was Li Yu-kai and that they had been hired by him with two Japanese, Kato and Otomo, to do his bidding. Kato and Otomo are undergoing examination by the local Japanese consular police. The Japanese authorities have declared that these two men will be severely punished if they are found guilty.

According to a Japanese news agency, the object of the kidnapping gang was to abduct Chu Shao-yang and hold him for a ransom of $100,000, but, when they called at his house, they were disappointed to find Mr. Chu was ill and unable to receive them, hence they changed their minds and carried away Mrs. Chu instead.

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El Jimmy—Outlaw of Patagonia, by Herbert Childs. L. B. Lippincott Company, London.

"El Jimmy," tale of an English gaucho and one-time outlaw in Patagonia, is more than a biography; it is a stirring saga of one of the world's last frontiers.

The story woven about the glamorous career of James Radburne, an Englishman who emigrated to Patagonia nearly fifty years ago, chronicles the bloody deeds of unscrupulous alien adventurers in a land where frontier law prevailed. Patagonia, a vast expanse of pampas lying between Chile and Argentine, is still governed as a territory, the northern half being claimed by Argentine and the southern half by Chile.

During his bachelor years, El Jimmy was one of the most famous gauchos who ever roamed the Patagonian pampas. A gaucho is the South American prototype of the American cowboy of frontier days. In the words of the author: "A real gaucho can't back out of a challenge, which may be offered directly, by an invitation to step outside, or by stinging insults the ignoring of which give victory to the challenger almost as final as winning a fight. A gaucho puts his law higher than the State's and often has to flee the police until the trouble quiets down. They say a real gaucho must be able to ride anything in horseflesh, know how to use a knife, a lasso, aud the boleadoras (an Indian device for capturing horses, cattle or wild beasts), play the guitar, and land on his feet when thrown off a horse. He's a lone nomad, never staying long in one place, sleeping out oftener than under shelter, his horses his only companions much of the time."

The gaucho combats were not contested according to Marquis of Queensbury rules. Jimmy described to the author one rough and tumble encounter between Jose Ceballos, an Argentine, and an unnamed Italian. During the scuffle, the Italian bit off the Argentine's ear. But the tide of battle turned in favor of Ceballos, who threw his Italian antagonist to the ground and after beating him unmercifully about the face, forced him to swallow the ear.

One of the most disgraceful chapters in the white man's conquest of Patagonia was his treatment of the unwarlike and comparatively harmless Indians who inhabited the island of Tierra del Fuego. These Indians, who resented the white man's encroachment upon their hunting grounds, retaliated by driving off and killing large numbers of the latter's sheep. The sheepmen hired gangs of brutal white men (mostly Englishmen Jimmy relates to his shame) to conduct periodic raiding parties when unimaginable cruelties were visited upon the natives, who according to Jimmy, never of their own volition attacked or fought the newcomers to their land. But murder and rape were the summary frontier justice meted out to Indian sheep stealers.

Jimmy graphically describes the inhuman activities of one MacDonald, who always rode a white horse when participating in an Indian raid and who was feared by the natives as "the man on the white horse." "They were more afraid of him than any of the others as he was the cruelest one of the lot. He wouldn't waste shots on the old men or women that got left behind the other Indians and were without defense, but would jump off his horse and knife all he could catch, old or young, male or female, except when he found a young squaw he wanted. Then he'd have her and cut her throat afterwards, unless he decided to keep her in camp with him for a day or two; but whenever he was tired of her she'd get her throat cut."

The Tehuelche Indians, one of whom Jimmy eventually married, are in every way superior to the primitive Indian tribes native to Tierra del Fugo. The Tehuelches are a nomadic tribe who roamed the Paragonian pampas before the advent of the white man. They are skilled hunters, being particularly adept in the use of the boleadoras, a lassoing device consisting of three stone balls tied together with raw hide ropes. The Indians could thrown the boleadoras so skillfully that they could bring down horses, ostrich or other game animals at eighty yards.

But the once carefree Tehuelches are now a vanishing race, crowded from their free hunting grounds by the white settlers who have fenced vast tracts of land for sheep raising. Patagonia, is one of the largest sheep producing regions in the world, being second only to Australia.

El Jimmy's outlaw days were the outcome of an escape from jail after a false arrest and unwarranted conviction by a Chilean judge who bore the Englishman a personal grudge. Jimmy's outlawdom consisted in playing hide and seek with the Chilean frontier police who were sent out to recapture him. His many hairbreadth escapes from the officers of the law were generally accomplished because of the superiority of his fleet racing horses over the inferior mounts of his pursuers.

After being hunted by the law for years, Jimmy eventually obtained official withdrawal of all counts against him, the only bona fida charge being that of breaking jail. Despite his reputation for being what is known in Patagonia as "a bad case," Jimmy has no killings on his record. He is now living a peaceful family life on a Patagonian estancia (sheep ranch) with his faithful Tehuelche wife and children.

V. K.

Where the Movie Is Superior to the Stage

Film and Theatre. By Allardyce Nicoll. New York, Thomas Y. Crowell, 1936. 255 pages, bibliography, index. U.S. $2.50.

In this book Allardyce Nicoll, an English authority on the theatre, now chairman of the Department of Drama and professor of the History of Drama at Yale University, makes a serious study of the relationship between the cinema and the theatre. He shows the film to be not a usurper of the position of the theatre, but a distinct and separate means of expression. He takes issue with the oft-repeated dictum that the cinema is an industry, not an art, that the cinema is designed to be popular, not to fathom new depths of artistic expression.

Mr. Nicoll draws an interesting comparison from the history of drama just before the appearance of Shakespeare. In the days of the Elizabethan stage Sir Philip Sidney decryed the popular stage for its commercialism and pandering to the tastes of the crowd. Yet within a few years Shakespeare was writing his plays for this same Elizabethan audience. Recalling that it is but thirty years since the first narrative films and but a few years since the first talking films, it is possible to realize with what rapidity the film has beeome one of the most familiar and potent forces in modern life. Many critics today forget the technical and artistic achievements, the amazing manifestation of creative ability, and they assume the same attitude that Sir Philip Sidney evinced toward the popular tast.

In discussing the technique of the cinema and comparing it with that of the stage, Mr. Nicoll shows the cinema as first dependent upon the stage for plot material, then asserting its independence with the discovery of better film material in the novelists Dickens, Barrie, Thackeray and Hugo. The next step will be, he believes, free and independent creation designed especially for cinematic use.

The assumption is false that because a film and a stage play both use words there is therefore a close likeness between them. Cinematic dialogue requires an absolute minimum of words. Fundamental to the cinema is that which is presented to the eye, words spoken must occupy a secondary place. The principal foundation of cinematic art rests upon the arrangement of individual shots. There must be an emotional and imaginative approach which stimulates and arouses the minds of the spectators into emotionally accepting a particular scene. The camera makes possible a subjective approach with direct participation in psychological action from the point of view of its protagonists in a manner not possible on the stage. Through the shifting of the camera's range of vision the spectator is affected precisely as the director desires. The sense of reality, says Mr. Nicoll, is much stronger on the screen than on the stage.

> "To the cinema is given a sphere, where the subjective and objective approaches are combined, where individualisation takes the place of type characterisation, where reality may faithfully be imitated and where the utterly fantastic equally is granted a home, where Walt Disney's animated flowers and flames exist alongside the figures of men and women who seem more real than the figures of the stage, where a visual imagery in moving forms may thrill and awaken an age whose ears, while still alert to listen to poetic speech based on or in tune with the common language of the day, has forgotten to be moved by the tones of an earlier dramatic verse. Within this field lies the possibility of an artistic expression equally powerful as that of the stage, though essentially distinct from that."

Fifty pages of the book are given up to a survey of writings on the aesthetic problems connected with the cinema.

Will Hays, known as the dictator of Hollywood, has said, "Recognition of the motion picture as an art by the great universities (will mark) the beginning of a new day in motion picture work. It (will pave) the way for motion picture's Shakespeares." Here in Mr. Nicoll's book we can find dramatic criticism applied to the motion picture by an authority on drama who has found in the popular entertainment of the day a new and virile artistic medium.

F.M.R.

The Irving Trust Company, New York, has published in brochure form the text of an address by Murray Shields, economist of the Irving Trust Company, before the Utah Bankers Association at Bryce Canyon, Utah, June 23, 1936, on "The Problem of Excess Reserves." The speaker said it is desirable that a means be provided for preventing present gold holdings of the Stabilization Fund, present silver seigniorage holdings of the Treasury, and any further increases in the nation's gold stocks from increasing excess reserves.

Dr. Hawks Pott's Chinese History Appears in Fifth Edition

A Sketch of Chinese History, by F. L. Hawks Pott, D.D. Kelly and Walsh, Ltd., Shanghai, 1936. Fifth revised edition. 305 pages; with list of important proper names, index and five maps. Price in China, $5.00.

The constant demand for this volume in the thirty-three years since it first appeared shows that its worth has been proven. This new and fifth edition increases the size of the book to 305 pages, bringing the text up to 1933, Japan's withdrawal from the League of Nations and her expressed determination to dominate Asia.

Dr. Pott writes clearly and gives much concise information. His book is excellent for study and for reference. We mention only a few points noticed in reading. A chapter is devoted to the history of legendary times. We find that most narratives concerning Yao and Shun are discredited by well informed modern Chinese scholars and think Dr. Pott's book would be improved if it had less about the legendary period and more about Chinese culture. As the word "political" does not appear in the title we feel cultural development should command more space in the text.

On page 97 appears this statement—"Under Kublai Khan, the Chinese Empire became one of the largest of which we have any record in history." This empire was Mongol; China had been conquered by the Mongols and was part of their empire. It seems to us that the term "Chinese" can scarcely be used to designate the extent of the whole Mongol sovereignty.

Our last suggestion is in reference to the map of "China at the present day." The book as a whole is very nicely gotten up, with clear type, inset paragraph headings to facilitate study and a well-printed index easy for consultation, but we think the map mentioned above is unworthy of the volume. A better map with color and clearer type would do a great deal for the text so deserving of the best.

Peiping, July 24, 1936. G.B.S.

Japan's trade boom has been a "profit boom" at the expense of the Japanese agricultural population and has brought no permanent reward to the industrial working classes, according to the *Far Eastern Survey* of the American Council, Institute of Pacific Relations. "The immediate outlook for the American or European exporter is not comforting. Without a very great expansion of world trade or a radical reversal in Japanese internal policy in favor of higher taxes and wages—neither of which seems likely—there is grave risk that the position of Japan's working classes will deteriorate still further," according to William L. Holland, research secretary of the Council.

Decree Expands Mandated Islands' Government

An Imperial ordinance providing for the expansion of the South Seas Islands Government personnel was promulgated in Tokyo Aug. 5. The arrangements, designed to keep step with the growth of Japanese interests in the South Seas, are in the hands of the Ministry of Overseas Affairs. Hsiao Hayashi, Chief Administrator of the South Seas Mandated Islands, arrived in Yokohama Aug. 4 aboard the s.s. *Saipan Maru*, on a summons from the Government.

The Scourge Of Malaria.

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Economic Cooperation or Stranglehold on North China

BY T. W. CHAR

Although the Japanese Ambassador, S. Kawagoe, has not been in China very long, he has given several interviews to present his views concerning the Sino-Japanese problem. The general purport of his statements is that the adjustment of Sino-Japanese relations must begin with an economic cooperation. First in North China which is a special zone, according to Mr. Kawagoe, because of its nearness to Manchukuo, Japan plans to extend credits for railway development, to bring about rural and industrial cooperation and to direct the survey and exploitation of mines. On the surface this type of diplomacy seems to be milder than the mailed-fisted and bomb-throwing type. But actually following as it did the dispatch of Japanese reinforcements to their garrison in North China, it is a most deadly project for its annexation, more especially so since Japan's economic policy is based on full utilization of that region primarily for war preparations. The highlights of this policy are: (1) the establishment of Japanese control over the existing railroads and highways so that they may tap rich natural resources for Japan, and at the outbreak of war may be readily changed into military transport lines; (2) the attainment of agricultural and industrial self-sufficiency against any emergency that may arise from international conflict; and (3) the pushing of mining operations to supply her military and naval as well as industrial needs. The diplomatic ambitions of Kwagoe fit in perfectly with this program.

We may begin with the railway problem. At present the plan most vigorously pushed is for the building of the Tsangchow-Shihchiachuan line. This line when completed will fulfil three important functions. First, it will enable coal output of Shansi to be directly transported from that province to either Tientsin or Tsingtao. Secondly, it will accelerate the opening up of natural resources along the line. And thirdly, it will speed up the transportation of troops from Tsingtao to Shansi and Suiyuan in times of emergency.

Not only have the Japanese counted on the Tsangchow-Shihchiachuan line to link the Tientsin-Pukow and Peiping-Hankow Railways, but they have pressed for the extension of the Kiaochow-Tsinan Railway to interesect the Peiping-Hankow Railway at Changteh (Anyang) in northern Honan. If completed, this Changteh-Tsinan line will absorb all the cotton and wheat produced in western Shantung, southern Shansi and northern Honan to be transported through the Kiaochow-Tsinan Railway to Tsingtao and thence to Japan. Likewise may the coal and iron mined at Poai in northern Honan go to Japan.

The next step in Japan's programme would be to institute a joint Sino-Japanese control over the Peiping-Suiyuan Railway against which Japanese interests have had some credits outstanding. Once under joint control, the Japanese would extend the line to Lanchow in Kansu or even to Sining in Chinghai, expecting thereby to absorb the wool and leather produced in the Northwestern Provinces for exportation in Japan via Tientsin.

Another project being formed is the extension of the Peiping-Suiyuan line northward so that it will head from Changpei through Dolonor to reach Chifeng in Jehol Province.

So in the future the extended Peiping-Suiyuan Railway and the projected Tsangchow-Shihchiachuan and Changteh-Tsinan lines will come under as effective a Japanese control as that over the S. M. R. Even those sections of the Tientsin-Pukow, Peiping-Mukden and Peiping-Hankow Railways that lie in the five North China provinces it is the intention of the Japanese to put under the management of the S. M. R. Company. Aside from railways the Japanese will dredge the waterway from Tangku to Tientsin so as to make it navigable to merchant vessels of over 10,000 tons and to turn Tientsin into a larger port of absorption and discharge for North China.

Japanese Agricultural Plans

The economic aspirations of the Japanese in North China center around the acquisition of an adequate supply of cotton, wheat and wool for their home industries.

(1) Cotton.—According to an estimate made in 1934, the cotton growing area in the three Provinces of Hopei, Shantung and Shansi alone was about 15,C96,000 *mow*, representing 34 per cent of the total national cotton growing area, with production placed at about 4,771,000 piculs which was 43 per cent of the national output. If the quantity of her present needs for cotton is any criterion, the extension of the cotton growing area Japan is to push in North China will at least reach upwards of 27,000,000 *mow*.

(2) Wheat.—The wheat growing area in the five North China provinces totals to 101,852,0C0 *mow* or 32 per cent of the national wheat growing area, with an output roughly placed at 112,468,000 piculs, that is, 21 per cent of the annual national production. Since this quantity is not sufficient for local consumption, about 1,000,000 piculs have to be shipped in annually from abroad or other provinces. It is the plan of the Japanese now to extend the wheat growing area and to increase its production by technical improvements, in the hope that in the years to come there may be huge surplus wheat to supply Japan as well.

(3) Wool.—The total number of sheep in the five North China provinces was recently placed at 31,425,000. Estimated at the average of 2 lbs of wool per head, the total annual production of wool cannot be more than 62,850,000 lbs. or 471,000 piculs which make up only 25 per cent of Japan's shortage. Accordingly, the Japanese have planned the improvement of the stock of sheep in North China in order to increase their wool output. Since Shensi, Kansu, Ninghsia, etc. also abound in sheep, these provinces will sooner or later attract the covetous eyes of the Japanese. It is unnecessary to add that wool exports from North China, at present going to the United States in considerable quantities, will all be consigned to Japan once Japanese control is established.

Developing Industries in North China

On the development of industries in North China the Japanese have not yet divulged detailed plans. What they have made known is merely that they intend to expand the textile, oil extraction, salt and acid industries. Over the textile industry the Japanese interests appear to be most active. According to a high officer of the Association of Japanese Cotton Yarn Factories in China, the development of Japanese textile enterprises in China will hereafter center in Hopei Province, where new mills will be opened and more spindles installed with a view to increased production and sales. These plans have already been approved by textile interests in Japan which will push vigorously for their early materialization. A representative was also sent by the Oriental Development Company in Japan to North China to conduct a survey and lay the groundwork for the organization of a Sino-Japanese joint woolen textile company at Tientsin. Thus the intention of the Japanese is to make Peiping and Tientsin an industrial base from which to achieve at an early date their ambition of controlling China's cotton and woolen textile industry.

Mining—With reference to mining in North China, Japan intends first to exploit coal and iron mines. The total coal reserve in the five North China provinces was estimated by the Geological Survey of China at about 132,758,000,000 tons which form 53% of the total national reserve and are richer than that in the four Northeastern Provinces. Mines already worked number about 33, with a production of 12,000,000 tons—about 40% of the total national production—of which the Kailan, Tsingchin and Mentoukou mines in Hopei, the Luta and Chunghsing mines in Shantung, and the Paochin mine in Shansi are comparatively large ones. The Luta and Potung mines in Shantung, originally under Sino-Japanese joint control, are destined sooner or later to become Japanese property. Into Chunghsing (Shantung) and Paochin (Shansi) mines—which are purely Chinese enterprises—the Japanese have been seeking a participation with their capital and the offer of their technical cooperation. Less ceremonious were they to the Linyuan and Liuchiang mines in Hopei, which they simply took over by force. It appears unavoidable that the other mines will one after another be seized by the Japanese.

At the same time Japan entertains another project and that is acquisition of the Kailan mines from the British interests. For this purpose she has used on the one hand the products of Fushun mine to encroach upon the sales market of Kailan products in North China, and on the other hand she has spread the rumors that Kailan Mining Administration would soon be transferred to Japanese interests. Also liable to Japanese seizure is the Tsingchin coal mine, a Sino-German enterprise, especially since the projected construction of the Tsangchow-Shihchiachuan line will speed up the direct exportation of Tsingchin anthracite coal and coke to Japan for naval uses.

At first it was intended by the Japanese that a Hsing Chung Company should be organized by the S. M. R. Administration for the development of North China. Later this company was ordered to devote itself, rather, to develop Central and South China, its establishment in Shanghai having even been reported. Now the East Asia and Investigation Sections of the S. M. R. Company will be amalgamated into a China Department to look after the development of North China under the guidance of the Kwantung Army. Branches of the S. M. R. Co. will hereafter be opened in Dolonor, Kweihua and Tientsin, and an investigation bureau of it has already been set up in Peiping. As to capital, it will probably be subscribed to by the S. M. R. Co., the Mitsui Bank, the Mitsubishi Bank, the Yokohama Specie Bank and the Bank of Chosen. Plans are also afoot to organize an international finance corporation in Shanghai, with head office in Tokyo, which will invite Chinese investments in Japanese-controlled enterprises in the North. But in view of the uncertain international situation the Japanese banking interests are in no hurry to invest in North China just now. It is probable that they prefer, as was sometime ago reported, to compel China to readjust old loans, with the proceeds from which they will finance the North China development.

Are not these facts, then, the true connotations of economic diplomacy advocated by Mr. Kawagoe?

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August 12, 1936

Stock Exchange— Business Done:-

Total Volume: 1,100,000 Shares

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13⅞	9⅝	0.10	Adams Express	13½	13⅝
136⅞	115¾	4.00	American Can	128¼	128½
40⅝	29¼	0.60	Amer. Cyanamid "B"	34⅞	35
9⅝	6½	—	American & For. Power	7½	7⅝
43	29⅝	—	American & Foreign Pwr. $7 pfd.	36	34¼
27⅝	18⅝	—	American Radiator	23½	22⅞
178	149½	9.00	American Tel. & Tel.	175½	176½
104	88½	5.00	American Tobacco "B"	102½	102⅝
56⅝	19⅛	—	American Waterworks	26⅝	25⅝
40⅛	28	0.25	Anaconda Copper	40⅛	39⅝
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54¼	27	—	Auburn	32½	32½
24¼	15⅞	—	Baltimore & Ohio	23	22⅝
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16	10⅜	—	Canadian Pacific Railway	12⅛	12⅛
183½	92½	—	Case, J. I.	172	168½
50⅝	34	1.40	Chase National Bank	50	49½
85	59	3.00	Chesapeake Corp.	82⅝	83½
68⅞	51	2.80	Chesapeake & Ohio	68¼	66⅝
123⅝	85½	4.00	Chrysler	119⅞	119¼
23	14	0.40	Columbia Gas & Electric	28	22
24⅝	14¼	0.60	Coml. Solvents	16½	16⅝
5½	2¼	—	Commonwealth & Southern (ord.)	3⅝	3⅝
44½	27¼	2.00	Consolinated Edison	44¼	43⅝
15¼	11½	0.60	Consolidated Oil	12⅛	12¼
38½	28⅛	1.00	Continental Oil	31⅝	31⅝
82	67	3.00	Corn Products	67	66⅞
78¼	50⅝	0.75	Douglas Aircraft	73⅞	73
167¼	133	3.60	Du Pont de Nemours	164½	164⅝
26⅝	15⅝	—	Electric Bond & Share	24⅝	24
47⅝	34½	1.00	General Electric	47½	47⅝
43	33⅝	1.80	General Foods	39	39
72¼	53⅞	2.00	General Motors	68⅝	68⅝
50	32½	1.00	General Railway Signal	44⅝	44½
21⅝	12⅞	0.60	Gold Dust	13	13
31⅞	21⅝	—	Goodyear Tire & Rubber	23⅝	23⅝
76½	57⅛	1.00	Humble Oil	67¾	67
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48	28¼	1.00	Kennecott	47½	46
54⅞	43	2.00	Loew's Inc.	54⅞	55⅝
26¼	21¼	1.20	Lorillard	23⅛	22⅝
103	80⅝	1.00	Monsanto Ch mical	99	100
47¼	35⅝	0.20	Montgomery Ward	46½	45⅝
45⅝	31	1.00	National City Bank	45	44
28¼	21	1.20	National Dairy Prods.	26⅞	26½
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14⅞	9⅝	0.60	National Power Lt.	12⅝	12¼
43¼	27⅝	0.10	New York Central	42⅝	42
35¼	23½	1.00	North American	34⅝	33⅝
40⅞	30⅝	1.50	Pacific Gas & Electric	39⅝	39⅞
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39	28¼	1.00	Pennsylvania Railroad	37⅜	37⅜
49⅜	38⅛	1.00	Phillips Petroleum	43¼	41½
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73⅞	65	3.80	Sterling Products	73¼	73⅞
38⅝	33	2.00	Texas Gulf Sulphur	36⅛	36¼
14⅝	11	0.30	Transamerica	13⅞	13⅞
98⅛	71⅝	2.00	Union Caride & Carbon	99	99
141	108½	6.00	Union Pacific	146	146½
32⅝	20⅝	—	United Aircraft (New)	26¾	26⅛
21	13	—	United Airline Trans.	19⅞	19
9¼	5⅜	—	United Corporation	8½	8¼
19½	14⅜	1.00	United Gas Im rovement	17½	17⅛
59	31⅝	2.00	U.S. Indus. Alcohol	35½	35⅜
35	16⅜	—	U. S Rubber	30	29⅝
72⅝	46⅜	—	U. S. Steel	67½	66⅞
27⅞	18¼	—	Vanadium	20⅝	20½
14⅝	9¼	—	Warner Bros. Pictures	12⅝	12⅜
145¼	94½	1.75	Westinghouse Electric	145¼	143⅝

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Chinese Railways

Nanking-Shanghai and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Nanking-Shanghai Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

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